Weekend FT

Inside section II

East Germany's master spy: unmasked and on trial Page I

The rally that took a wrong turning Page XVIII

Trunk calls only to north India Page XVI

Properties for £50,000: a world of choice Page XVII

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND MAY 1/MAY 2 1993

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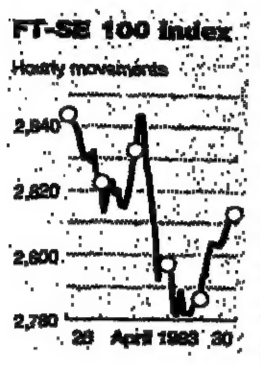
US targets Japan in salvo of trade actions

The US yesterday launched a barrage of tough trade actions against Japan, Brazil, India, Thailand and other trading partners. The measures, which target Japanese government procurement practices in construction and supercomputers, provoked an immediate hostile reponse from Tokyo. It also heralds a new era of trade friction with several other countries, which stand accused by the US of abuses of intellectual property rights. Page 22

Sterling and the dollar rose against the D-Mark after the Bundesbank gave another indication that it might cut Germany's main interest rates later this month. The central bank announced it was cutting the interest rate on 3-day Treasury bills by ¼ a percentage point to 7 per cent. Dealers noted that a similar cut in the T-bill rate in March was followed by reductions in the entire structure of German interest rates last month. Currencies, Page 11; Lex, Page 22

FT-SE 100 Index



London stocks: London share prices staged a spirited revival yesterday as the FT-SE 100 Share Index regained the 2,800 mark. It closed 26.3 points stronger at 2,813.1 on renewed retail and consumer sector buying. The recovery reduced the week's fall on the FT-SE Index to 29.9 points or about 1 per cent. Page 13; Markets, Weekend FT Page II

'Last chance' talks on Bosnia: Bosnia's Serbs face intense pressure this weekend to accept a peace plan for Bosnia when they meet other faction leaders and the presidents of Serbia, Montenegro and Croatia at a summit in Athens. Page 2

Aetna Life & Casualty, one of the biggest US composite insurers, beat expectations with first-quarter net income of $166.3m compared with $118.7m a year earlier. Strong cost-control efforts reduced the impact of continuing weakness in its property/casualty division. Aetna shares jumped $2¾ to $52¼ on Wall Street. Page 19

Pirelli, Italian tyre and cable group, has sold its power transmission unit to Mark IV Industries of the US for L170bn (£72.3m). The deal completes a big asset disposal programme started in 1992 after its aborted bid for German rival Continental left ity facing heavy losses. Page 10

Search for yachtsman abandoned: All hope was lost for 47-year-old carpenter William Vincent from Bath, south-west England, who fell from a yacht in the British Steel Challenge round-the-world race on Tuesday.

BA crew on strike: Disruption faces some passengers due to fly British Airways from Gatwick to European destinations this weekend after airline cabin crew voted for a 24-hour strike from midnight tonight. Flights at risk are to Geneva, Faro, Naples, Genoa, Bordeaux, Malaga, Frankfurt, Copenhagen, Bergamo and Madrid. Page 4

Morris dancers rally to save May Day

Morris dancers from all over England travelled to London to try to persuade Parliament not to scrap the May Day public holiday. They brought Westminster Square to a standstill. The government, which thinks there are too many spring holidays, wants to replace May Day with a public holiday in the autumn.

Palace tours 'too cheap': Buckingham Palace has blundered by pricing its entrance charge at £8 ($12.32), English Tourist Board marketing director Mike Richardson said. "It's drastically under-priced", he said and warned would create "a field day for ticket touts". Page 4

The Financial Times will not be published on Monday May 3 because of a British public holiday.

STOCK MARKET INDICES

FT-SE 100:	2813.1	(+26.3)
Yield	4.05	
FT-SE Eurotrack 100	1144.33	(+1.10)
FT-A All-Share	1388.88	(+0.8%)
Nikkei	20919.18	(+464.61)
New York: lunchtime		
Dow Jones Ind Ave	3442.41	(+17.29)
S&P Composite	441.93	(+3.04)

US LUNCHTIME RATES

Federal Funds:	3%
3-mo Treas Bills: Yld	2.931%
Long Bond	102⅞
Yield	6.893%

LONDON MONEY

3-mo Interbank	6⅛%	(6⅛%)
Life long gilt future:	Jun 103⅜	(Jun 103⅜)

NORTH SEA OIL (Argus)

Brent 15-day (June)	$19.18	(19.025)

Gold

New York Comex June	$357.2	(357.4)
London	$355.75	(355.25)

STERLING

New York lunchtime:		
$	1.5705	
London:		
$	1.569	(1.571)
DM	2.4925	(2.485)
FFr	8.3975	(8.3725)
SFr	2.25	(2.2475)
Y	174.5	(175.25)
£ Index	81.0	(same)

DOLLAR

New York lunchtime:		
DM	1.5855	
FFr	5.34675	
SFr	1.4325	
Y	110.055	
London:		
DM	1.588	(1.5815)
FFr	5.3525	(5.33)
SFr	1.434	(1.43)
Y	111.25	(111.6)
$ Index	63.6	(same)

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Victory could prompt other large users to seek discounts on charges

ICI wins UK water bill claim

By Angus Foster in London

NORTH West Water has agreed to cut its tariffs at Imperial Chemical Industries' complex at Runcorn by 25 per cent after appeals to Ofwat, the water regulator, that some big users are being overcharged.

The rate cut for the site in north-west England takes effect next month. It could prompt other large users in England and Wales to seek discounts. Although this would be welcomed by industry as a benefit of privatisation, water companies would make up any shortfall by raising prices elsewhere, including charges to domestic users.

Ofwat said ICI approached the regulator about a year ago to discuss tariffs at the site and was followed by several other big users. Gatwick airport had since negotiated a 25 per cent tariff reduction from East Surrey Water, which came into effect at the start of April.

Tariff reductions are not automatic and big users need to show that the costs of supplying them are lower. ICI argued that it was supplied at Runcorn directly from North West Water's trunk mains rather than the more expensive household distribution network.

ICI is the UK's largest industrial user of water with annual water bills of over £20m. The North West Water agreement will save a "substantial six figure sum" each year, the company said. "If these circumstances apply elsewhere, we will expect similar treatment," said an official.

ICI has been a leading critic of rising utility prices since privatisation. The company is still in discussions with the government about lower electricity prices for its Runcorn site, where its main product is chlorine.

North West Water said ICI had made a "particular" case for a reduction because it was supplied directly. The company had not yet laid down general rules to decide whether other customers deserved lower tariffs.

The discounts were welcomed by Ofwat as "correcting imbalances" between water users. In the past, industrial users and owners of large properties have subsidised small domestic users. These imbalances were being addressed by the water companies already and agreements with large users like ICI will accelerate the process.

But the discounts will be attacked by water companies, which already face pressure to keep prices down yet improve water and sewage quality.

Mr David Highet, director of communications at North West Water, warned that the lower charges for big users could mean higher bills for consumers. "The money has to come from somewhere. We will recoup it from the customer base in future years."

Exchange halts deals, Page 8
Lex, Page 22

Brussels plan to speed E Europe links with EC

By Lionel Barber in Brussels

THE European Commission has endorsed a substantial package of measures to accelerate the political and economic integration of six former communist countries in eastern Europe into the EC.

The package includes faster-than-expected dismantling of tariff barriers in footwear, steel, textiles, cars and other industrial goods, and a new plan for the Commission to tap funds from the European Bank for Reconstruction and Development to finance road building, telecommunications and other infrastructure in the east.

The Commission's support for trade liberalisation has already caused misgivings in Brussels and could arouse strong opposition among some of the EC's member states worried about increased imports in a deep recession.

The package covers Poland, the Czech Republic, Slovakia, Hungary, Bulgaria and Romania. All have "association agreements" with the EC which offer preferential treatment but still fall well short of the benefits of EC membership.

The chief elements of the package reflect a new alliance between Sir Leon Brittan, EC commissioner for external economic relations, and Mr Hans van den Broek, EC commissioner for external political relations. A senior Brussels official said the two men had ended their early rivalry and now championed the cause of freer trade.

The package includes:

- Removing all tariffs for industrial goods such as cars and chemicals by the end of 1994. This cuts an earlier five-year transition period to three years.
- Reducing the period for phasing out tariffs in "sensitive sectors" such as textiles and steel from five to four years. This means a cut of 20 per cent each year, with a 40 per cent reduction in the fourth year.
- Increasing quotas and ceilings from 20 per cent to 25 per cent for sensitive goods – so-called because of the east Europeans' competitive advantage.
- Advancing plans to increase exports of meat, fruit, dairy goods and vegetables from eastern European countries by 10 per cent annually for five years. The plan has been brought forward by six months to begin this July.
- Moving from a quota-based system which sets rigid targets for imports into less restrictive

Continued on Page 22

Welcome home: friends and relatives reach up to touch Dr Azmi Schweibi, one of 30 Palestinian deportees the Israelis have agreed to allow back into the occupied territories.

Tears and cheers, Page 2

Top City firms back wider powers for police

By Andrew Jack

THE overwhelming majority of leading City companies and organisations want greater police powers and formal co-ordination of security arrangements after the Bishopsgate bombing, according to a poll conducted by MORI for the Financial Times.

Two-fifths also favour excluding cars from certain City areas which may be at high risk, at a time when pressure is growing on the government to find new ways to tighten security to prevent future IRA attacks.

Nearly two-thirds said they would be "very" or "fairly likely" to contribute to increased policing costs related to preventing terrorism, while 31 per cent agreed businesses in high-risk areas should pay an extra premium for terrorist cover.

The poll was based on interviews this week with representatives of 103 City banks, professional firms and regulators.

Forty-seven per cent said they "strongly agreed" or "tended to agree" that London would lose its position as Europe's premier financial centre if the bombing campaign continued.

But none of the 12 non-UK banks questioned said it was likely to reduce operations in London because of the risk of further bombs. Two said it was "not very likely" and 10 "not at all likely".

Mr Paul Downes, deputy chief executive of Georgeson, a public relations company, said: "I don't think anybody is going to be put off for ever. It is not going suddenly to cause them to switch location. But it makes people nervous."

Thirty-nine per cent of the organisations surveyed were damaged by the blast, with 15 per cent describing the effect as "substantial".

More than a quarter said some staff could not work on the Monday after the Saturday bombing. Fifteen per cent said none of their workforce was able to work, even by Wednesday.

Full survey details, Page 5

Italy seeks political consensus to avoid poll

By Robert Graham in Rome

ITALY'S two day-old Ciampi government was last night desperately trying to patch together a new consensus among Italy's political parties to avoid the damaging consequences of elections before electoral reform has been enacted.

This followed a dramatic blow to the new government from the withdrawal late on Thursday night of three ministers of the former communist Party of the Democratic Left (PDS) and the one Green cabinet member.

They withdrew in protest after parliament voted to preserve the immunity of Mr Bettino Craxi, the former Socialist leader, from facing serious charges of corruption.

Uncertainties about the duration of the much weakened government yesterday affected the lira, which was trading at L941 against the D-Mark. This compared with L928 when Mr Carlo Azeglio Ciampi, governor of the Bank of Italy, was chosen on

Continued on Page 22
Magistrates vow to fight, Page 2
World stocks, Page 19

Banks may have to increase cash cover for market risks

By Richard Waters in Basle

BANKS around the world which trade actively in the foreign exchange, securities and derivatives markets will have to set aside more capital to back their risks if proposals put forward yesterday are adopted.

This amounts to the first significant extension of the so-called Basle Accord of 1988, which set common minimum capital levels for bank credit risk.

The latest proposals, from the Basle Committee on Banking Supervision, would for the first time require banks to set aside capital to cover the market risks they run in their trading operations. They would also cover the fast-growing markets for derivative financial instruments such as futures, options and swaps.

The impact of these changes would be lessened by a second Basle Committee proposal yesterday.

This would reduce the amount of capital needed by banks, mainly in the swaps market. In a change planned to take effect early next year, the accord would be changed to recognise bilateral "netting" agreements, under which two banks agree to set off their claims against each other and recognise only a net amount.

Mr Gerald Corrigan, chairman of the New York Fed and of the Basle Committee, said the overall effect would "work in the direction of a very modest overall increase" in the minimum 8 per cent capital requirement laid down in 1988. For most banks the rise would be "not more than a percentage point".

Even this, though, would add greatly to some banks' capital costs. Mr David Haigh, managing director of finance at NatWest Markets, an arm of Britain's National Westminster, said a 1 per cent rise would require £700m extra at the bank. "That's a very large number indeed," he said.

Mr Corrigan said the committee had not set out to restrict activity in particular financial markets, though he hoped the rules would force banks to adopt more cautious trading strategies, particularly in the foreign exchange market.

The Basle Committee decided

Continued on Page 22

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; China Fec 13.0; Canada C$1.40; Croatia SLT200; Cyprus C£1.00; Czech Rep Kcs45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.50; Greece Dr300; Hong Kong HK$16; Hungary Ft172; Iceland IKR190; India Rup40; Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh12.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Peso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; Slovenia SLT180; Spain Pta200; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65, Thailand Bht50; Tunisia Din1.250; Turkey L7000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

 No 32,052 Week No 17

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Warsaw clear to privatise 600 ventures

By Christopher Bobinski in Warsaw

POLAND'S beleaguered ruling coalition won a vital victory yesterday when the country's parliament passed a mass privatisation bill, securing the government's future and giving the go ahead to its policy of market reforms.

The legislation provides for the transfer to the private sector of about 600 companies at once and the distribution of shares to the public.

The privatisation scheme, expected to be approved by the Senate and President Lech Walesa, failed to get a majority last month and the fate of Ms Hanna Suchocka's coalition government hung on the result of yesterday's vote.

The plan, first mooted in 1991, foresees the establishment of 20 or more foreign managed investment funds. Shares in these will be distributed at a nominal charge to all adult Poles who apply.

The funds are to remain for 10 years, after which the shareholders will decide whether to wind them up. S.G. Warburg has been advising the privatisation ministry on the scheme.

The World Bank has made access to successive tranches of a $450m (£292.2m) loan conditional on implementation of the scheme and European Bank for Reconstruction and Development (EBRD) funds are available to finance the plan.

Privatisation is one of many paths the government is following to reduce the state sector which at the end of last year still had 7,342 enterprises. Hundreds of state companies have been leased to management and workers and scores sold to foreign and domestic investors. Some 40 per cent of industrial output is already produced by the private sector.

Mr Janusz Lewandowski, the privatisation minister, who threatened to resign if the scheme failed to go through, said after the vote it would "permit hundreds of companies to be restructured, give them access to western markets, to new technologies and cheap credits".

"This is good news, it means that a lot of things can start moving again," a western banker said yesterday. The 215 to 173 vote victory only became possible after the government had made concessions to the SLD, the 58 strong group of former communists in parliament. Yesterday 38 of the SLD group either voted for or abstained, opening the way to further tactical alliances with Ms Suchocka's cabinet.

The government now enjoys the support of a mere 187 votes in the 460 seat Sejm after the small PL farmers' group left the coalition in a difference over agriculture this week.

The concessions to the SLD included opt-out rights to state sector enterprises chosen for inclusion, handing shares in the funds to 3.5m pensioners and public servants as compensation for wage cuts made in 1991 and later declared illegal by the courts and lastly strict definition of the rights and duties of foreign managers.

The plan had nevertheless been criticised by the right-wing opposition parties as well as the PSL farmers party for giving too great a say to foreign investment banks and consultants over a big part of the country's industry.

GM nears plant deal for Poland

By Kevin Done, Motor Industry Correspondent

GENERAL Motors of the US, the world's biggest vehicle maker, expects to reach a final agreement by mid-May to begin low volume car assembly in Poland.

Separately the group is planning to cut around 2,500 jobs at its plants in Germany, Belgium and the UK in response to the steep fall in west European new car sales.

Mr Jack Smith, GM president, said that agreement had been reached "on all aspects" of the group's plan to assemble its Opel Astra in Warsaw in a joint venture with FSO, the Polish state-owned carmaker.

"These understandings need to be incorporated into the draft final agreement, which can be done quickly," he said following a meeting with Polish Prime Minister Hanna Suchocka.

In the first stage of the project GM is planning to assemble up to 10,000 Opel Astras a year in Poland. GM will send car bodies from its assembly plant at Antwerp, Belgium for final trim and assembly in Warsaw.

GM plans to invest around DM30m (£12m) for the first stage of the project. It will have management control of the joint venture in which FSO is expected to have a holding of 20-25 per cent.

In a second stage GM could move later to full assembly of car kits in Warsaw including body welding, when capacity would be increased to 33,000 a year.

GM Europe said yesterday that pilot production could start in Warsaw by the end of the year with volume production beginning by the spring of 1994.

Separately GM and FSO are negotiating a technical assistance agreement for the US carmaker to support FSO in the updating of its existing production of the ageing Polonez range, and GM is also planning to assist in the development of components suppliers in Poland.

Mr Waclaw Niewiarowski, Polish minister of industry, said that the government had agreed to compensate GM for the high unit costs of the initial low volume car assembly, possibly through a reduction of the vehicle excise tax rate.

● In west Europe, Opel, GM's German subsidiary, said it was planning to cut 1,700 jobs by the end of the year at its plants at Bochum, Kaiserslautern and Rüsselsheim in response to the sharp fall in west European new car sales. At the end of March the company had 52,400 employees.

Study criticises US operation in Somalia

By Michael Holman, Africa Editor

OPERATION Restore Hope, the US-led intervention in Somalia last year, has done more harm than good, claims a 60-page report published today.

The document by the London-based African Rights is timed to coincide with the handover today of Washington's leadership of the international force to the United Nations.

The authors say fighting and banditry have become worse in some areas, and claim aid workers are unanimous in describing the security situation as having deteriorated since western intervention.

The report maintains that the overall food supply problem had been overcome as early as October 1992, before the US troops landed.

Over-supply of food has damaged the agricultural sector, says the report.

Efforts at disarmament of rival factions have been "sporadic and half-hearted", and both the UN and the US have failed in the peace process by giving warlords an "unwarranted legitimacy" and not consulting a cross-section of civil society.

The highly critical analysis is by Ms Rakiya Omaar and Mr Alex de Waal, co-founders of African Rights. The small, UK-charity funded organisation was formed last December after they resigned from Africa Watch, part of a US-based international network of human rights monitors.

The experience of the authors in Somalia and elsewhere in Africa will give weight to their analysis. Their judgment is also likely to be backed by several of the charities working in Somalia.

The report calls for a UN commission of inquiry into the operation, disarmament of warlords, and greater attention to long-term economic rehabilitation and the peace process.

Operation Restore Hope: A preliminary assessment; African Rights, 11 Marshalsea Road, London SE1 1EP. Tel 071-403 3383 Fax 071-403 4033

'Last chance' talks for Bosnia Serbs

By Robert Mauthner, Diplomatic Editor

BOSNIA'S Serbs will come under intense pressure at the week-end to accept an internationally-brokered peace plan for Bosnia when they meet leaders of the other warring factions and the presidents of Serbia, Montenegro and Croatia at a two-day summit in Athens.

The "last chance" summit has been called by Mr Cyrus Vance and Lord Owen, the United Nations and European Community mediators, amid urgent consultations by the US, its European allies and Russia on the kind of military measures than can be taken to persuade the Bosnian Serbs to endorse the Vance-Owen plan.

Mr Warren Christopher, the US secretary of state, is due in London tomorrow or Monday for talks with Mr John Major, and Mr Douglas Hurd, the UK foreign secretary, which are expected to review all the possible options for further action in Bosnia.

With both Britain and France strongly opposed to the selective lifting of the arms embargo on the former Yugoslavia to help the Moslems, it is probable that the talks will concentrate on the feasibility of air strikes against Bosnian Serb supply routes.

Following his talks in London, Mr Christopher is scheduled to fly to Moscow on Tuesday, where he will meet President Boris Yeltsin and Mr Andrei Kozyrev, the foreign minister, in a bid to enlist their support for military measures which Moscow has always been reluctant to approve.

However, Mr Christopher's task will be made somewhat easier by Mr Yeltsin's recent victory in the Russian referendum, which has weakened the influence of pro-Serbian hardliners in the Russian parliament.

"We are very satisfied with our co-operation with the US," Mr Vitaly Churkin, the Russian deputy foreign minister, said yesterday. "I think we will continue to look for joint decisions."

Military action and the continued implementation of tougher sanctions, which formally came into effect earlier this week, can be pre-empted by an agreement between the warring factions in Athens.

Mr Vance and Lord Owen firmly believe that President Slobodan Milosevic of Serbia holds the key to a solution of the one-year-long conflict in Bosnia.

"We know that the Bosnian Serb fighting forces are fuelled by Yugoslavia," Lord Owen said in a radio interview yesterday.

Yet the mediators nevertheless appear confident that Mr Milosevic, who tried hard to persuade the Bosnian Serbs to accept the Vance-Owen plan last week, will continue to exert the same kind of pressure on them in Athens.

"President Milosevic has decided this is the best settlement he can get. And he has told them (the Bosnian Serbs) straight he is not going to have the whole of Yugoslavia's economy, livelihood, and even safety, put at risk any longer for the Bosnian Serbs," Lord Owen said.

"Milosevic has a very heavy responsibility to bear for what has happened over the last two years. But he is not an ideologue. He is a pragmatist.....I think he has made a pragmatic choice. He is not going to confront the international community."

Lord Owen's optimism appeared to be backed up by remarks by Mr Radovan Karadzic, the Bosnian Serb leader, who told reporters in his stronghold of Pale, near Sarajevo, he believed that enough progress could be made in Athens to enable his "parliament" to accept the peace plan at its meeting on May 5. But he stressed that he did not expect to sign the plan during the week-end summit.

A Bosnian Serb soldier helps a comrade wounded by Moslem snipers outside Lopare, 50km from the Moslem-controlled town of Tuzla

Tears and cheers as Arab deportees go home

By James Whittington in Jerusalem

OUTSIDE the Palestinian Embassy in Amman, Abdul Jawad Saleh waited with tears in his eyes. After 20 years of exile, he, along with 14 other Palestinian deportees, blinked in the morning sun as their luggage was packed on a convoy of buses bound for the occupied territories.

Cheered on by their families who sang Palestinian folk songs and waved the national flag, Mr Saleh, once the mayor of Al Bireh in the West Bank, said he could not believe that he was finally allowed to go home. "This is a re-birth, a resurrection for me. Every day since 1973 I have dreamed of this," he said.

The group is the first instalment of 30 Palestinians who the Israelis have agreed to allow back into the occupied territories.

Nassir Hana, president of Bir Zeit University in the West Bank, who was expelled to southern Lebanon in 1974, described their return as "a victory for world opinion. This gives legitimacy for the full return of all Palestinians," he said.

On the other side of Allenby bridge connecting Jordan to the West Bank, thousands of Palestinians gathered on the streets to greet the returnees. The Israeli army looked on from a distance.

After many hours the deportees cleared customs. People clambered onto buses waving posters of Yasser Arafat, chairman of the Palestine Liberation Organisation, and songs and festivities filled the air.

The move is Israel's first concession to the Palestinians since the Middle East peace process began 18 months ago. Most of the returnees were community leaders deported after the 1967 war for "political activities". Firebrands and radicals in their time, many are now retired professionals in their late fifties and older. In the Palestinian political spectrum of the 1990s they are all mainstream PLO supporters and firmly in favour of the peace talks.

A number of Palestinians were careful to play down the importance of the Israeli gesture. Mr Saleh's son Nasser said: "It is a good step but it doesn't mean anything overall. Palestinians are still being shot and we want to see some real results regarding our land."

More than 1,400 Palestinians have been deported from the occupied territories since 1967. Agreement on the return of 30 represents a minor victory for the PLO which is desperate to regain credibility after two years of fruitless negotiations.

Yeltsin urged to speed reforms

By Leyla Boulton in Moscow

MR Boris Fyodorov, Russia's radical finance minister, said yesterday the west should put pressure on President Boris Yeltsin to pursue rapid market reform following his referendum victory.

He said: "Please urge our president to avail himself of the situation and take faster steps to a market economy...it is not clear to me that the president is using the advantage afforded by the referendum."

Mr Fyodorov was speaking after Mr Yeltsin appointed an old-style industrial manager, Mr Oleg Soskovets, as first deputy prime minister, instead of boosting the reformist camp in a divided government.

He said supporters of radical reform like himself and the privatisation minister, Mr Anatoly Chubais, were urging the Russian leader "to take decisive steps now because there won't be a second chance."

Mr Fyodorov, who has been instrumental in attracting pledges of large-scale western assistance to underpin his economic reform programme, also said it was essential to replace the chairman of the central bank, Mr Viktor Gerashchenko, whom he accuses of hindering reforms.

He suggested the return to the government of radicals like Mr Yegor Gaidar, the former prime minister, whose unpopular policies had been "endorsed by the people" in Sunday's referendum.

Some supporters of radical reform claim that Mr Yeltsin will still take steps to boost reformers in the government, but others saw the appointment of Mr Soskovets, following that of conservative Mr Oleg Lobov as another first deputy prime minister, as a bad omen.

In the mould of Mr Viktor Chernomyrdin, the prime minister who used to manage the Soviet gas industry, Mr Soskovets was described by a Russian management consultant as belonging to the "old generation of managers who try to combine old-style management with new ideas".

Meanwhile the Russian parliament continued its witch-hunt of Yeltsin supporters in the media and tried to make a deal with the president on a new constitution.

The parliament asked Mr Yeltsin to reconsider his plan to bypass parliament and get a new constitution adopted by a constituent assembly.

Parliament's leadership offered Mr Yeltsin a deal whereby he would dilute his draft constitution to give less power to the president, and deputies would approve a compromise version in November. Mr Yeltsin has instead proposed that a constituent assembly be set up next month to approve a new constitution giving the president sweeping powers.

Ukraine PM seeks more power

By Chrystia Freeland and Andrew Gowers in Kiev

MR Leonid Kuchma, Ukraine's prime minister, said yesterday he wants to introduce a state of emergency to override opposition to his economic reforms and step up the fight against inflation.

He said he would this month ask parliament to extend the special powers under which he has been running the economy for six months. "What we need is to introduce a state of emergency. This could be used to push ahead rapidly with demonopolisation in various sectors," he said.

In particular, he said:

● Parliament, which has been stalling the government's reforms, should no longer have a veto over economic measures;

● The National Bank, which in March prompted a 50 per cent drop in value of the Ukrainian currency by issuing a massive tranche of subsidised credits to state industry and agriculture, should be brought under direct government control;

● The government should take charge of the State Property Fund, the privatisation body which has recently been criticised for its slow progress.

It is not clear whether Mr Kuchma will secure the extra powers he is demanding. There have been recent signs that the other two Ukrainian leaders, President Leonid Kravchuk and parliament chairman Ivan Pliushch, are willing to back the prime minister. An increasingly fractious parliament, however, may refuse to renew any special powers at all when they expire at the end of May – in which event, Mr Kuchma said, he would resign.

The prime minister said decisive action was needed in the face of a worsening payments crisis and intensifying inflationary pressures. Increases in the cost of Ukraine's fuel imports from Russia would force another sharp increase in prices and wages this month, he added. Ukrainian officials say the rise could be as much as 20-fold.

Tighter control over credit and the budget deficit are also essential if Ukraine is to qualify for a $250m (£162m) loan which Mr Kuchma said Ukraine hoped to obtain from the International Monetary Fund by the end of June. An IMF mission is expected in Kiev in mid-May for negotiations on this so-called transitional facility, which could pave the way for further assistance from the World Bank later in the year.

Although looser-than-normal conditions would be attached, Ukraine will not qualify unless the government can demonstrate the will and the means to curb spending. In April the country moved close to hyperinflation, with prices rising at nearly 50 per cent a month, said western economists.

Ukraine may face an additional problem in obtaining western assistance: rising American and Russian anger over its tardiness in ratifying nuclear disarmament treaties. In yesterday's interview, Mr Kuchma, recently appointed chief negotiator with Russia on the issue, said mounting western pressure was helping to turn this into a problem by fuelling pro-nuclear sentiment in the Ukrainian parliament. "Even the kindest, gentlest man, if pressed and pressed and pressed, will want to bite back," he said.

Kuchma: attempt to overcome opponents of economic reform

Dublin seeks audits of building society chiefs

By Tim Coone in Dublin

THE Irish central bank yesterday ordered all building societies operating in the republic to produce audited reports detailing directors' interests and transactions made by them.

The order follows the dismissal of the chief of one building society earlier this week and local press reports alleging large insurance commission fees being paid to the director of another.

The central bank issued a statement yesterday, saying that, on receipt of the reports "the bank will decide whether further action is warranted". It said it was also considering whether the regulation of building societies could be improved but stressed "that it has no concerns about the financial stability or soundness of any of the societies".

Mr Edmund Farrell, the former chairman of the Irish Permanent Building Society, was dismissed by his board last week for what his successor, Mr John Bourke, said was "abuse of office and betrayal of trust". The board claims Mr Farrell made profits of I£700,000 on property transactions between himself and the company. Mr Farrell has claimed that the transactions were approved by the board.

Howard attacks EC environmental policy

By Bronwen Maddox, Environment Correspondent

MR Michael Howard, UK environment secretary, yesterday attacked EC environmental policy for its lack of an "even-handed approach" in enforcing "green" directives.

Speaking in Lucerne to the Environment for Europe Conference, he said the European Commission needed to do more "to ensure proper enforcement." He said the Commission should move away from its "complaints-driven procedure" towards a "more analytical approach to enforcing compliance".

At the moment the Commission's action against countries for breach of directives is prompted by complaints, often by pressure groups. Countries such as Britain with a high level of public environmental awareness and active pressure groups have complained that they are being disproportionately criticised.

Mr Chris Smith, UK shadow environment secretary, said the speech was a "petulant response to the Commission's welcome decision to proceed with action against the British Government over Oxleas Wood". The UK government wants to build a highway through the ancient wood in southeast London.

Italians vow to end Craxi immunity

By Haig Simonian in Milan

ITALIAN magistrates yesterday pledged to fight parliament's decision not to lift the immunity of Mr Bettino Craxi, the former Socialist leader, amid protests and demonstrations in Milan and Rome.

Mr Francesco Saverio Borrelli, Milan's chief public prosecutor, who has led the investigations into political corruption, said his team was prepared to appeal against the decision by MPs to approve only two of the six requests to lift Mr Craxi's immunity.

An appeal to the constitutional court to overturn the decision would be unprecedented and mark a further escalation in a conflict of interests emerging between parliament and the judiciary.

Mr Borrelli said he thought it would be possible to indict Mr Craxi "within a few months" on the allegations so far sent to parliament.

In a broad discussion on the state of the corruption investigations in Milan, he estimated magistrates had so far uncovered "between 30 per cent and 40 per cent" of abuses.

Mr Borrelli stressed that, although the initiative for paying kickbacks on contracts – had often come from politicians, businessmen had frequently been willing parties in what was seen as a "reciprocally" beneficial relationship.

However, he distinguished between small businessmen, often compelled to pay bribes to survive, and larger companies with a much greater "capacity for resistance".

Mr Borrelli strongly denied claims that magistrates had granted managers of Fiat, Italy's biggest private company, special treatment. Lawyers for Mr Gabriele Cagliari, the former chairman of the Eni energy and chemicals group, and Mr Giuseppe Ciarrapico, a prominent Rome businessman, have accused the judges of having reached a secret understanding with Fiat.

According to the lawyers, Fiat executives under investigation had been allowed to return to their homes while their clients remained in jail.

This week, four senior Fiat executives, against whom cautionary warrants had been issued, returned to Italy from "business" trips abroad. All but one including Mr Giorgio Garuzzo, Fiat's chief operating officer, were granted house arrest without being jailed.

Mr Borrelli welcomed the more co-operative attitude shown this month by Mr Cesare Romiti, Fiat's managing director. In the past fortnight, Mr Romiti has appeared twice before the magistrates voluntarily, delivering a lengthy document on Fiat's involvement in political corruption.

Explaining Fiat's change of heart, Mr Borrelli said: "They probably hoped this investigation would have met the fate of other inquiries of its kind in the past". Had the company changed tack earlier, "they might have saved some people a few days in jail".

Last year, Mr Enzo Papi, then a senior executive at Fiat's Cogefar-Impresit construction subsidiary, spent a lengthy period in Milan's San Vittore prison before collaborating with investigations. His incarceration was followed by other Fiat bosses, notably its chief financial officer, Mr Francesco Paolo Mattioli.

"The treatment given to the top management of the company is just the same as in other cases," Mr Borrelli claimed. Rather than "negotiating," he said magistrates had been approached unexpectedly by Fiat's lawyers, who informed them Mr Romiti was prepared to come forward.

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Market liberalisation lets investors force policy changes on governments, IMF study says

'Power to defend currencies limited'

By Peter Marsh and George Graham in Washington

INTERNATIONAL investors are being given increased powers by the liberalisation of financial markets to force policy changes on governments, an International Monetary Fund study has concluded.

The report amounts to an admission by the governments of leading industrial nations that they have limited powers to keep their currencies within agreed limits when faced with severe market strains. The study is one of a series of official inquests into the crisis in the European exchange rate mechanism between last September and early this year.

It concludes that, when faced with heavy selling of their currencies by investors, the ability of governments to influence markets either by currency intervention or by interest rate changes is severely constrained.

The report says: "The discipline exerted by capital markets over government policies is neither infallible nor is it always applied smoothly and consistently. Nevertheless, the markets eventually decide on what are unsustainable situations, and when they do, their size alone increasingly allows them to force adjustments."

The study reflects the tone of another report on the currency turbulence written by Mr Lamberto Dini, deputy governor of the Bank of Italy, and delivered to finance ministers from leading industrial nations in Washington yesterday.

Although the Dini study contains no specific policy recommendations, it warns that the re-introduction of exchange controls would be highly undesirable, and generally ineffectual.

The best way for a country to avoid pressure on its currency, Mr Dini concluded, is rigorous medium-term policies.

The Dini report underlined that international monetary stability requires close consultation among countries to identify inconsistent policies and encourage policy changes where these are needed.

Ministers welcomed the report yesterday, but some regretted that Mr Dini had not been more positive about the powers of governments to influence the exchange markets by selling and buying currencies.

"The report could perhaps have made more of the effectiveness of intervention when the conditions are right. It is not always the size of the intervention, it is choosing the right moment," said Mr Edmond Alphandéry, the French economics minister.

Mr Alphandéry said the report showed the need for new prudential regulations for the foreign exchange market, because so much currency trading is carried off banks' balance sheets, but he warned that more needed to be done to strengthen supervision of non-bank participants in the exchange markets.

The IMF study says that as a result of worldwide financial liberalisation, \$1m trillion (£649.3bn) a day is swopped among investors on currency markets. This development can lead to up to \$200bn being of investment being switched out of a specific currency within one week.

Faced with such large flows of money, the ability of central banks to use their foreign currency reserves to alter market sentiment is limited.

International Capital Markets; Exchange Rate Management and International Capital Flows. \$20, IMF, 700 19th St NW, Washington DC 20431

Public deficits 'stifling growth initiatives'

By Christopher Parkes in Frankfurt

THE world's public sector finances are in no state to support collaborative efforts to promote economic growth, Mr Otmar Issing, a senior Bundesbank director, said yesterday.

The rhetoric might appeal to the media, but strategies such as the European Community's growth initiative, agreed at the Edinburgh summit last December, led all too easily to "loose money policies" – mainly with borrowed funds, he told a private meeting in Frankfurt.

A new "programmes era" appeared to have dawned, with worldwide calls for joint initiatives. The European project, for example, proposed the application of "all available" budget policy measures, a European investment fund and new loan facilities for the European Investment Bank.

But if expansive fiscal policies were capable of promoting sustained growth, the question had to be asked why this way was still not being resolutely pursued, Mr Issing said.

"The sobering answer is to be found in the lamentable state of public finances."

Budget imbalances had worsened last year, partly because opportunities for consolidation during better times had not been taken, he claimed.

Average EC deficits and debt ratios increased to 5.5 per cent and 63 per cent respectively of gross domestic product in 1992. New peaks would be reached this year when, apart from Luxembourg, all member states would be further than ever from meeting the convergence criteria laid down for economic and monetary union.

To avoid possible misunderstandings, Mr Issing said he was not against policies directed at common interests. However, he wanted to warn against "high expectations and illusions".

In a renewed defence of the Bundesbank's much-criticised strategy, he also warned against using interest rates and monetary policy as political instruments to rouse flagging economies.

Referring indirectly to frequent reminders offered to the Bundesbank that it had an overall economic responsibility and that interest rate cuts were needed to promote growth, he said that the more lending rates were used as political instruments, the more stability suffered.

"More liquidity instead of more capital would enter circulation." In the end, monetary policy would have fulfilled its intended role but finance and pay policy would probably have not, Mr Issing claimed.

In a thinly-veiled warning to his German audience, he said those who set most store by stable money would suffer most. Monetary policy would lose its credibility and a core economic asset would have been gambled away.

After three recent reductions, Bundesbank policy-makers are rapidly using up their room for manoeuvre on official interest rates, and are tending increasingly in speeches and policy statements to turn up the pressure on government and pay negotiators.

Clinton pledge on Uruguay Round

By Peter Norman in Washington

THE US has pledged extra efforts to unblock the stalled Uruguay Round of trade liberalisation talks, raising hopes it can be completed this year.

At a reception for the finance ministers of the Group of Seven Countries, President Bill Clinton said the US was ready to take "exceptional actions" to bring about an agreement.

The G7 finance ministers agreed on Thursday that a further opening of the international trading system was indispensable for maximising world growth. In their communiqué, they stressed that "protectionism retards growth and must be resisted".

The G7 finance ministers will now put pressure on their respective governments to strengthen progress on the Uruguay Round in the hope that this year's G7 summit in Tokyo in July can give it decisive impetus.

Mr Don Mazankowski, the Canadian finance minister, said yesterday: "There is no single solitary thing we could do that would do more for the global economy and global growth than the completion of the Uruguay Round."

IFC seeking Russian ventures

By Peter Norman

THE International Finance Corporation will move aggressively to find investment opportunities in Russia in partnership with foreign companies, Sir William Ryrie, the IFC's executive vice president, said yesterday.

Although Russia's present economic crisis and high inflation was a big deterrent to foreign investment, Sir William said, the medium to long-term potential for foreign investment was very large.

Russia joined the IFC two weeks ago, opening up the possibility of direct investment in the country by the corporation. The IFC, which is the member of the World Bank group charged with promoting private investment in developing and former communist countries, is likely to focus its attention first on the oil and gas industries, the hotel business and telecommunications.

The IFC has been active in promoting privatisation in Russia since late 1991. It pioneered the privatisation of small-scale enterprises and transport services in the Nizhny Novgorod region and is now helping Russia to sell off medium-sized and big enterprises.

Lamont suggests IMF sell its gold

By Peter Norman

MR Norman Lamont, the UK chancellor of the exchequer, yesterday proposed that the International Monetary Fund should sell some of its gold to help finance IMF assistance for the poorest developing nations.

In his speech to the IMF's policy-making Interim Committee, Mr Lamont said he "would not rule out some modest sales of IMF gold to fund at least part" of a successor to the IMF's extended structural adjustment facility (ESAF) which provides funds at token interest rates to poor developing nations carrying out economic reforms.

The ESAF totals \$6bn (£3.8bn) special drawing rights and is due to expire in November this year. The industrialised countries that provide the fund have so far been unable to agree on how to finance a successor, largely because of the budgetary constraints in most of them.

The IMF sold gold in 1976 to set up a trust fund that was a precursor of ESAF and also provided finance for developing countries.

However, the present management of the IMF has been hostile to further gold sales.

NEWS IN BRIEF

Patten to plead China's case for trade with US

MR Chris Patten, Hong Kong's governor, left yesterday for a one-week trip to the US, where he will meet President Bill Clinton and press for unconditional renewal of China's most favoured nation status, writes Simon Holberton in Hong Kong.

Mr Patten will also meet senior administration officials and congressional leaders and brief them on his proposals for Hong Kong constitutional development.

The governor will tell US leaders that withdrawal of MFN status could cost Hong Kong 70,000 jobs and lop up to three percentage points off the colony's growth rate.

US personal income up

Personal income in the US in March increased a seasonally adjusted 0.6% from the previous month, the Commerce Department said, AP-DJ reports from Washington. It rose to an adjusted annual \$5.26 trillion (£3.41 trillion) after rising a revised 0.1% in the previous month to an adjusted \$5.228 trillion.

Meanwhile new factory orders in March fell 1.5% to a seasonally adjusted \$254.53bn.

Romanians rush for bread

Romanians yesterday cleared state shops of bread and other basic foods ahead of swingeing price rises which come into force today, writes Virginia Marsh in Bucharest.

By mid-morning, Bucharest had run out of bread after thousands queued for hours to stock-up before a three-fold price rise caused by the removal of the last remaining subsidies.

Year's jail for Bombay fraud

Mr Hiten Dalal, who was accused of defrauding Standard Chartered Bank in the Rs40.24bn (£807m) Bombay securities scandal, was sentenced yesterday to a year's imprisonment, writes R.C. Murthy in Bombay. A special court found him guilty of issuing four bounced cheques for a combined Rs784.5m, part of securities transactions of Standard Chartered, brokered by Mr Dalal.

Swedes turning against EC

A growing number of Swedes are saying "no" to joining the European Community, according to an opinion poll yesterday, Reuter reports from Stockholm.

A survey by the daily Dagens Nyheter and polling institute Temo showed 45 per cent against membership, with 31 per cent in favour. The figures a year ago were 38 and 39 per cent.

Yucatan election to go ahead

Mexico's governing party has agreed to allow scheduled gubernatorial elections in the state of Yucatan to go ahead in November, writes Damian Fraser in Mexico City.

Last week the Yucatan Congress, controlled by Mexico's ruling Institutional Revolutionary party, created a furore by changing the constitution to postpone elections for two years, which would have allowed it to pick an interim governor.

Yemeni ruling party in poll lead

President Ali Abdullah Saleh's ruling party enjoyed a healthy lead yesterday in united Yemen's first multi-party elections despite tough competition from an opposition Islamic group, Reuter reports from Sanaa. Results from 284 of the 301 constituencies gave Saleh's General People's Congress 120 seats – short of an overall majority but more than double its nearest challenger.

Disappointing outlook for jobs in Japan

By Charles Leadbeater in Tokyo

THE Japanese labour market is as weak as it was during the mid-1980s recession, according to official employment figures published yesterday. They suggest that any recovery in Japanese consumer spending this year will be modest.

The average monthly wage in the year to the end of March rose by 1.4 per cent, the lowest growth since 1970, according to the Labour Ministry. Real wages did not grow at all, the ministry said. Fixed wages rose by 3.4 per cent a month, to Y266,915 (£1,570) while non-fixed payments such as overtime fell by 10.8 per cent to Y23,336.

Employment rose by less than 0.1 per cent in March compared with a year before, after a 0.4 per cent decline in February. The job offers to job applicants ratio fell to 0.88. That means there are just 88 job offers for every 100 people officially seeking work.

Mr Geoffrey Barker, economist at Baring Securities said: "This is the weakest level of labour demand since the strong yen crisis of 1985 to 1986."

Female employment fell by 0.7 per cent in March, while male employment rose by 0.5 per cent. Many women workers who leave work do not register for official unemployment benefits.

Partly as a result the Japanese unemployment rate was unchanged last month at 2.3 per cent.

The weakening of the labour market, combined with the recent strengthening of the yen against the dollar, is likely to further depress Japanese inflation.

Inflation in Tokyo, which is a leading indicator of national trends, rose by only 0.1 percentage points last month, an annual rate of 1.3 per cent.

Import prices fell for 19 of 40 products surveyed by the Economic Planning Agency in April, up from 10 in March.

Canberra gives TV rights to outsiders

By Emilia Tagaza in Melbourne

THE Australian government yesterday awarded the right to subscription television licences to two new and relatively unknown media interests. The powerful consortium most widely expected to win, led by media magnate Kerry Packer and US-based Rupert Murdoch, was beaten on price.

The winning bidders were YCOM Pty, which offered A\$177m (£82.3m), and Hi Vision, which tendered A\$212m. About 50 tenders were received for the two four-channel licences.

The winning bid will now require the approval of the competition regulator, the Trade Practices Commission.

Australia's subscription television policy allows for three satellite-delivered services. The third licence, with two channels, has been reserved for the national broadcaster, the Australian Broadcasting Corporation (ABC).

The bidding process was criticised for supposedly allowing highly speculative bids from groups that did not have strong financial backing or enough experience in operating television networks.

The communications department had decided the richest bids would automatically win the rights.

The companies will have 30 days to pay and obtain the licences. Failure to raise the equity will allow the government to grant the rights to the next highest bidders.

Mr David Hill, managing director of the ABC, said the department had very strange bidding rules. He said he did not expect the two winning companies to operate viable subscription television services.

Keating backs Miyazawa on trade

By Kevin Brown in Canberra

AUSTRALIA yesterday expressed strong support for Japan's rejection of President Bill Clinton's call for a "managed trade" regime to help reduce the US trade deficit with Japan.

During talks in Canberra, Mr Paul Keating, the Australian prime minister, told Mr Kiichi Miyazawa, the Japanese premier, that Australia was "concerned" by the US proposal, which was rejected by Mr Miyazawa this month.

Mr Keating told Mr Miyazawa that he admired his "forthright and strong" opposition to the US proposals, which Mr Clinton believes would reduce the trade deficit by setting targets for certain sectors.

Australian officials said the two prime ministers agreed to oppose managed trade, which Mr Keating fears would damage trade between Japan and third countries.

Japanese officials said the talks made clear that Australia and Japan shared a common view on managed trade. However, Mr Miyazawa said later that there was no need for the two countries to "get together to oppose the US".

"I don't think the US will exercise managed trade. I told President Clinton it would not be practical or good. All the countries in the Pacific are against managed trade," he said.

The talks, which follow a visit to Japan by Mr Keating in September, confirmed earlier indications that Canberra is emerging as a close ally of Tokyo, especially on trade issues.

Mr Miyazawa said the talks marked "a new era" in relations with Australia, which he described as "an invaluable friend". Australia is one of the few countries to run a significant trade surplus with Japan.

The only difficult moment in the talks appears to have come when Mr Keating raised the sensitive issue of Japan's closed rice market, which Australian farmers want to see opened to imports.

Mr Miyazawa gave no ground on allowing foreign rice imports, but Australian officials said he indicated that Japan was considering other market access initiatives in an attempt to stimulate agreement in the Uruguay Round talks on Gatt.

"Japan is determined to strike a positive stance on the problem of access to the market," he said after the talks.

Mr Miyazawa also said he supported suggestions by Mr Keating that the 15-country Asia Pacific Economic Co-operation Process (Apec) could be strengthened to encourage liberal trading in the region.

Mr Keating has called for solid progress at Apec's next ministerial meeting in Seattle in November and urged a framework for harmonising trade and investment rules and resolving trade disputes between members.

Japanese Premier Miyazawa inspects a guard of honour at his ceremonial welcome to Australia in Canberra yesterday

Golfing indicator puts economy in a fair way

Robert Thomson charts the club membership index

THERE is a hint of recovery in money supply growth, and stock prices have risen in recent weeks, but the most positive indication that Japan is finally out of the bunker of recession is a sudden upswing in the Nikkei Golf Membership Index.

Golf club memberships had promised the perfect balance for Japanese investors, who were able to watch their membership certificates appreciate rapidly in the late 1980s, the "bubble era", and be assured of a round of golf on the country's overcrowded courses.

The bubble collapsed, and membership prices dropped 64 per cent in three years, a particularly nasty fall for about half the certificate holders who never bothered to play golf and saw the investment as a valuable means of diversifying their government bond and stock portfolios.

However, in the past two weeks, the Nikkei golf index has risen just over 4 per cent, and the membership brokers who run the active secondary market in certificates are confident that punters will be rushing back to the course in the hope of making a quick profit.

More important, the golf index, an aggregate of memberships at 500 leading clubs, is regarded as a leading indicator of the property market. Mr Paul Heaton, financials specialist at Smith New Court, said trading in the certificates was a "very useful guide" to the real economy.

"The Japanese property market is extremely illiquid, whereas these certificates are very liquid instruments. The recovery of prices is a good reflection of the remarkable change in economic confidence over the past few weeks," Mr Heaton said.

But the reputation of golf certificates has been tainted by scandal. Owners of the Ibaraki Country Club, near Tokyo, sold 60,000 memberships instead of the promised 1,830, undermining the market, while several brokers have gone bust, and police have found that some greenkeepers are gangsters in disguise.

In the hope of encouraging stock market prices, the Finance Ministry has restricted new listings, but about 350 golf courses are under construction and these "new listings", equal to about 20 per cent of the current total, could overwhelm investor demand. One hope for the 190 brokers is that interest rates have fallen far enough to prompt investors to look for better returns on their money.

Mr Hideo Hayashi, general manager of Shinwa Golf Services, a leading broker, said the market had definitely hit bottom, and investors had started buying. But he is concerned that Japanese banks have lost their fondness for the certificates, which have added to their bad loan burdens.

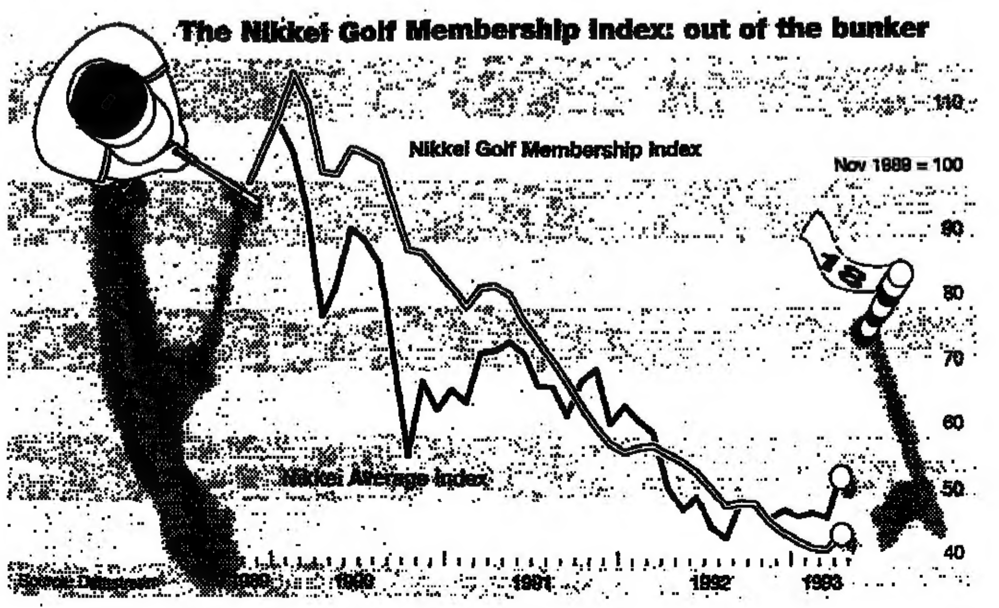
Japanese banks consistently argue that they provided funds to no more than 70 per cent of a certificate's value, but it is clear that institutions were lending at far higher levels in the late 1980s. Given that prices at some clubs have fallen by as much as 80 per cent, these banks are hoping that younger Japanese or, perhaps, their own staff quickly develop a passion for the game.

A membership certificate, now selling for an average Y20m (£117,600), had a certain sacredness in Japan because it entitled the holder to claim a share of the club, in theory, a small patch of green on the fairway or, sometimes, an unwanted place in the financial rough.

Clubs encouraged members to feel rich, an important attraction for Japanese who do not feel they are wealthy in spite of the country's impressive GNP figures. But clubs which promised the most prestige have brought some of the greatest disappointment.

The Gentry Hills Golf Club collapsed, leaving members to fight court battles over ownership. Membership prices at the Classic Golf Club have fallen by 78 per cent, and the Gatsby Golf Club issued 15 times more memberships than promised.

The Nikkei Golf Membership Index: out of the bunker



Brown redirects Labour's economic strategy

By Philip Stephens, Political Editor

MR GORDON Brown, the shadow chancellor, yesterday started the task of producing a credible opposition economic strategy with the completion of a lengthy policy document underlining Labour's break with public ownership, spending and tax levels.

The document, sent to the party's new policy-making forum for discussion before this year's party conference, eschews traditional ideology in favour of improving the economy's productive potential.

Its ambition is to present Labour's economic strategy as the ally of the individual by arguing that government-backed investment in training and industry is a prerequisite for individual advancement.

Mr Brown, launching the new policies in Corby, Northamptonshire, said the proposals were "grounded in a philosophy in which a strong and prosperous community advances individual opportunity and ensures investment in our future".

The document adds: "Instead of the old battle between public and private sectors, it is our objective to mobilise the energies of both."

But the shadow chancellor adheres to the central principle that "responsible government intervention" is essential to sustained growth and high employment levels.

Entitled Labour's New Approach, the document says its starting point is a recognition "that Britain's problems cannot be solved by the application of crude free-market economics".

It adds that the emphasis of the Conservatives on inflation control as the sole objective of macro-economic policy must be replaced by a strategy embracing sustainable growth, a manageable balance of payments and high employment levels as well as low inflation.

Mr Brown identifies individual skills as the most important ingredient of industrial competitiveness in the 1990s. The government's role is to ensure that individuals have the training to reach their potential and to improve the economy's productive capacity.

He advocates public/private sector partnerships in rebuilding the nation's infrastructure and in developing regional and industrial strategies. He suggests the establishment of a network of regional development agencies and banks, tax and social security incentives for skills training and penalties for "entrenched interests" that limit opportunity and choice.

This group is said to include banks offering poor service, the "Tory financial establishment", privatised monopolies which overcharge and irresponsible employers who neglect training.

The document carefully omits specific spending pledges but hints how a future Labour government would finance its proposed investment in education and training, infrastructure and industrial investment by suggesting a restructuring of the national accounts.

Government investment would be separated in the accounts from spending and borrowing needed to pay for current expenditure and the servicing of past debts.

Palace tours 'priced too low'

By Gary Mead, Marketing Correspondent

OFFICIALS at Buckingham Palace have made a marketing blunder by pricing its entrance charge at £8 when the market would sustain almost twice that, says the English Tourist Board.

Mr Mike Richardson, the board's marketing director, said: "It's drastically underpriced. They should be charging £15 for adults. This is going to be a bonanza and also a field day for ticket touts, because at £8 there will be room for margins."

Buckingham Palace announced on Thursday that it would open to the public for the first time, for eight weeks from the second half of August each year until the end of 1997. Tourist industry executives said they expected the scheme would prove so successful that it would continue indefinitely.

Mr Richardson added: "There are millions of people out there who want a slice of the royal family and this is the only way they can get it. They must have been scared about accusations of ripping the public off. But they needn't be worried about that because the public will want to pay a premium for the best."

The tourist industry estimated yesterday that the palace's maximum capacity per day would be 10,000 visitors, giving a possible total of 500,000 this year.

A number of important technical aspects – such as whether there will be advance tickets or if people will be expected to queue – were still unclear yesterday, though the palace had set up an information line for inquiries.

Yesterday the palace declined to comment on any aspect of its marketing policy concerning London's latest tourist attraction.

It said Thursday's announcement "was the beginning and now everything will be gone through in detail to be ready for opening in the second week of August". Buckingham Palace announced yesterday that Saturday August 7 will be the first day the general public will be allowed to visit.

BA crew on 24-hour strike

By Diane Summers, Labour Staff

PASSENGERS flying British Airways from London Gatwick were warned yesterday to expect disruption over the holiday weekend after airline cabin crew voted to stage a 24-hour strike from midnight tonight.

The strike has been called by the TGWU general union following a vote in favour of action by cabin staff protesting at plans to transfer some BA routes to a subsidiary company set up after the flag carrier took over Dan Air in October last year.

As part of BA's plan to cut costs on the loss-making routes the subsidiary carrier will pay lower wages to newly-recruited staff. BA said existing staff who transferred to the subsidiary would not have their pay cut.

The flights that could be delayed or cancelled are to Geneva, Faro, Naples, Genoa, Bordeaux, Malaga, Frankfurt, Copenhagen, Bergamo and Madrid. BA advised passengers to telephone the airline for news and said it hoped to get people away on other services.

Although cabin staff voted by 175 to 35 to take industrial action, domestic flights, long-haul journeys and flights from Heathrow would not be affected, according to BA.

Union officials said yesterday that the BA management had "miscalculated badly by assuming that our cabin crew would quietly accept their work being done on worse pay and conditions". It called on the company to "call off its provocative plan to impose this measure on a loyal group of dedicated professionals".

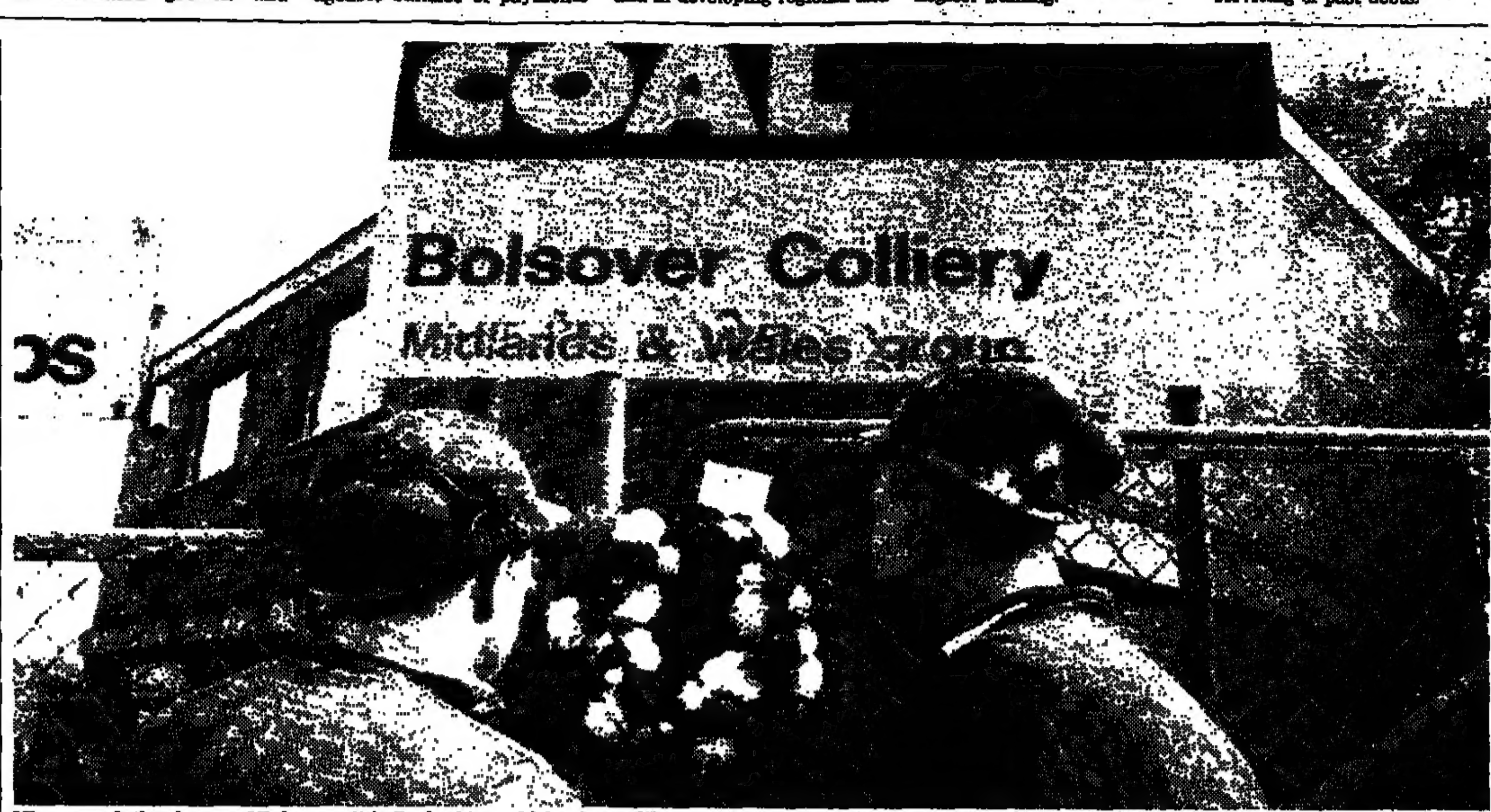
BA said yesterday: "We are very disappointed that the action disrupts the travel plans of the very people whose business will save jobs at Gatwick. Only by encouraging more passengers on to our short-haul services can we get our Gatwick operations into profit and protect employment."

The TGWU is also balloting 18,000 British Airways ground staff, clerical workers and cabin crew on industrial action over contracting out of services and the setting up of subsidiary companies operating under allegedly worse conditions. The ballot result is expected at the end of the month.

● The British Airways board yesterday gave its public backing to Sir Colin Marshall, the airline's chairman, and Mr Robert Ayling, its managing director, following demands by Virgin Atlantic Airways that they should resign.

Mr Richard Branson, Virgin's chairman, challenged the two to resign earlier this week after renewed allegations in a television documentary that they had been aware of their airline's "dirty tricks" campaign against Virgin.

Mr Branson also urged BA's non-executive directors to intervene to avoid a further costly legal battle. BA directors said yesterday that they did not question the integrity of Sir Colin and Mr Ayling or any other member of the board.



Miners mark the closure of Bolsover pit in Derbyshire, which, along with four other mines, yesterday ceased production. British Coal is to offer them for sale or lease. The pits, which had more than 2,000 workers, are the first of 20 to be offered to the private sector. The NUM said it would continue to fight the closures

More teachers vote to boycott testing

By John Willman, Public Policy Editor

PRESSURE ON the government to suspend school testing mounted yesterday with the announcement that members of a second teachers union have voted overwhelmingly to boycott the tests.

The normally moderate Association of Teachers and Lecturers announced that its members in schools voted by an 82.7 per cent majority to boycott testing in connection with the national curriculum. The turnout was 57 per cent.

The National Association of Schoolmasters/Union of Women Teachers is already boycotting the tests, after members voted 88 per cent in favour of action. The largest union, the National Union of Teachers, is also consulting members on a boycott in a ballot which ends on 10 May.

Mr Peter Smith, the ATL's general secretary, urged the government not to ignore the result: "The ATL is not known as a trigger-happy union when it comes to industrial action. The concern shown by our members is probably a litmus paper test for the feelings on this issue among teachers."

The ATL vote led to renewed calls on the government to suspend the testing for this year, until the completion of the review of the national curriculum tests under Sir Ron Dearing, chairman of the new School Curriculum and Assessment Authority.

Mr David Hart of the National Association of Head Teachers said the ATL vote "virtually guarantees" that every school in the country would be affected by boycotts.

Mr John Patten, education secretary, refused to comment on the ballot result. An Education Department spokesman said the vote was not in the interests of pupils, parents or teachers.

● Sir Ron Dearing yesterday set out his programme for reviewing the national curriculum and testing procedures in schools, including a survey of 1,400 schools and 200 bodies representing teachers, parents, governors and employers and 10 teachers' conferences in May and June.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Prices for trading on 01.05.93: Pool purchase price £/MWh	Final Prices for Trading on 02.04.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	20.30	18.03	18.00
0100	20.30	17.99	17.99
0130	23.63	18.09	18.09
0200	30.14	24.27	28.13
0230	40.00	30.29	34.36
0300	40.00	30.29	34.32
0330	33.36	30.29	34.30
0400	23.53	30.29	34.31
0430	20.30	30.29	34.33
0500	20.30	18.60	18.60
0530	20.49	18.09	18.09
0600	20.49	18.09	18.09
0630	23.31	18.07	18.07
0700	23.31	18.09	18.09
0730	24.54	18.41	18.41
0800	24.85	25.67	29.60
0830	26.69	26.06	30.61
0900	26.69	26.66	30.62
0930	27.82	26.66	30.61
1000	38.05	26.66	30.60
1030	38.05	26.66	30.60
1100	38.05	26.66	30.61
1130	29.22	26.66	30.62
1200	27.82	26.66	30.63
1230	26.69	26.66	30.64
1300	26.69	26.66	30.60
1330	26.69	26.66	30.56
1400	26.69	18.42	18.42
1430	18.06	18.09	18.09
1500	18.54	18.14	18.14
1530	18.49	18.14	18.14
1600	18.46	18.04	18.04
1630	18.50	18.05	18.05
1700	18.70	18.14	18.14
1730	26.69	24.95	28.77
1800	26.69	26.66	30.62
1830	26.69	26.66	30.52
1900	18.68	25.74	29.60
1930	25.30	18.39	18.39
2000	25.30	25.74	29.58
2030	25.30	25.74	29.57
2100	32.60	33.00	37.08
2130	32.65	33.00	37.09
2200	32.45	30.11	34.14
2230	26.69	24.57	28.42
2300	26.20	24.57	28.45
2330	25.63	18.09	18.09
2400	21.12	18.06	18.06

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left, eg £16.96/MWh becomes 1.696p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major amendment) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone [illegible] between 8.30am and 5.15pm Monday to Friday.

NGC Settlements Limited

Fall in unsold empty homes

By Andrew Taylor, Construction Correspondent

THE NUMBER of unsold empty homes, inhibiting a revival of the housing market, has fallen by a third since the beginning of last year, stockbrokers UBS said.

A report published yesterday by Mr John Wriglesworth, the broker's housing market analyst, estimated that the number of empty properties had fallen from 225,000 to 150,000.

He forecast that house sales would rise 20 per cent this year, reducing the number of empty properties to 120,000 by the end of the year – a normal stock level in a reasonable market.

Mr Wriglesworth said the rise in sales would not, however, be accompanied by a significant rise in prices this year, due to the overhang of unsold properties on the market and continuing concern over rising unemployment and the state of the economy.

He forecast that prices would rise 7 per cent next year as buyers became encouraged by more stable house prices, low mortgage rates and slower increases in unemployment.

UBS estimated there were 1.8m UK householders owning homes with values less than the money borrowed to buy them. More than 1.5m of those suffering from negative equity lived in southern England, the broker said.

As a result house prices were expected to rise fastest in the south as the market recovered.

Mr Wriglesworth said: "The supply of properties for sale in the south, especially those suitable for first-time buyers, is likely to be more limited, resulting in more pressure for house prices to rise as demand grows.

Unsold properties held by housebuilders fell from 60,000 to 20,000.

Single body for engineers proposed

By Andrew Baxter

BRITAIN'S 42 professional engineering institutions could be merged into a single body in the second half of the 1990s under controversial proposals unveiled yesterday by Sir John Fairclough, chairman of the Engineering Council.

The main recommendation is for a new relationship between the council and the professional institutions to be drawn up at the end of 1993. Institutions would be grouped into colleges, and the steering group formed by Sir John recommends that the council and institutions should produce a proposal by the end of 1995 to move gradually from the new relationship to a single institution.

"We do believe that a single institution would be a logical step to ensure our overall objectives are met," Sir John said. Presidents of the four biggest institutions, while "warmly welcoming" the proposals, said the case for a single engineering institution had yet to be made.

However, Mr Neil Johnson, director-general of the Engineering Employers' Federation, said: "It identifies the main concerns of companies employing engineers, including improving the influence and status of the engineering profession."

Sir John said the profession lacked recognition because it found it hard to speak with a single voice.

Law Society loses first round in legal aid battle

By Robert Rice, Legal Correspondent

THE LAW Society yesterday lost the first round of its battle with the Lord Chancellor over legal aid.

The solicitor's governing body failed to persuade the High Court to block Lord Mackay's proposals to change the way in which solicitors are paid for criminal legal aid work in magistrates' courts.

The society had accused Lord Mackay of acting outside his powers under the 1988 Legal Aid Act by replacing hourly-based fees with a standard fees system.

The Lord Chancellor's desire for economy had overridden the need to act both lawfully and rationally, it said.

But Lord Justice Leggatt, sitting with Mr Justice McCullough, said once the court was satisfied the Lord Chancellor had not acted illegally and that his decision was not so absurd that it could be said he had taken leave of his senses, it was "no part of its function to adjudicate on the merits of an administrative scheme".

The judge said it was evident that Lord Mackay had exercised the broad discretion given him by parliament under the 1988 act to introduce the new system and Lord Mackay had taken account of all the factors he was required to.

He suggested that the Law Society might wish to take stock of the wisdom of continuing its challenge. "It might do better to see how the amended scheme works and then press for improvements," he said.

After the hearing Mr John Appleby, chairman of the society's courts and legal services committee, said they would take advice before deciding whether to appeal. "It is now clear that the powers the Lord Chancellor was granted under the Legal Aid Act are wider than anyone had previously thought and that he can restrict access to justice simply by cutting or restricting lawyers' fees," he said.

The society believes the new scheme will overpay some lawyers and underpay others.

Mr Appleby stressed that the society's separate legal challenge to the government's legal aid eligibility cuts was unaffected by yesterday's decision. That case will be heard at the end of May.

● Red Hot Television, the satellite pornography channel, is "more likely to fail than succeed" when it challenges a UK broadcasting ban in the European Court, the Court of Appeal said yesterday.

Giving its reasons for refusing to grant the channel an injunction against the government's decision to impose a ban, the court rejected Red Hot's argument that the High Court judges who originally refused an injunction failed to consider the prospects of success in Europe - one of the factors which affect the granting of such interim injunctions.

Actions of BBC governors attacked

By Alison Smith

A NEW WAY forward for the BBC, putting emphasis on a clearer definition of its role and increased accountability, was proposed by the Labour party yesterday, as its contribution to the debate on the corporation's future.

The board of governors would be replaced by a board of trustees who would be more independent and representative, and have much less scope to become involved in the day-to-day management of the organisation.

Other suggestions include replacing the corporation's charter with legislation that could be amended by parliament, and adopting a "covenant" setting out the BBC's obligations to licence-fee payers.

The discussion paper, called Putting the citizen at the centre of British broadcasting, is critical of the governors, saying that recently they have been playing "an increasingly active and possibly improper role" in the BBC's management, undermining public confidence in its independence and integrity.

It envisages that the new board of trustees would act as regulators, and make an annual report to parliament. A cross-party committee of MPs could examine potential trustees to see if they were suitable.

The paper emphasises the central issue is that the BBC's independence must be strengthened, and that politicians must not be allowed to control it.

Labour also proposes a new viewers' and listeners' council to provide a more direct voice for licence-fee payers, and take on the roles of the Broadcasting Standards Council and the Broadcasting Complaints Commission.

Ms Ann Clwyd, the shadow national heritage secretary, said: "The BBC must become more open and accountable to the views and interests of its viewers and listeners on whose behalf it operates."

Bank's role examined

By Alison Smith

A CROSS-PARTY group of MPs is to look again at whether the Bank of England should be independent, as part of an extensive inquiry into the Bank's role.

The Treasury select committee's investigation will cover the Bank's relationship with the government and with parliament – both in its own right and in the light of the Maastricht treaty – and also its supervisory activity. Ministers have repeatedly made it clear that they do not support the idea of giving the Bank independence, and the report could provoke a sharp clash between the government and the Tory-dominated committee.

The committee is due to start hearing evidence in about mid-May and the inquiry is expected to last through until the summer recess, probably at the end of July.

Contractors warned on bids

By John Willman, Public Policy Editor

CONTRACTORS bidding for work in the public sector have been advised by their trade association to ask for an extensive list of information about the existing workforce.

The Cleaning and Support Services Association said the information was needed so contractors could assess their potential liabilities if the contract was covered by the Transfer of Undertakings (Protection of Employment) regulations 1981.

Where Tupe regulations apply, a contractor must take over the existing workforce at current pay and conditions.

Mr John Hall, CSSA director-general, said that while the regulations did not always apply, there was a risk that they would "in almost every case", depending on "fine legal interpretations and on how the contractor decides to perform the work". As a matter of good commercial practice, bidders needed full details of the potential liabilities they were taking on, he said.

The information needed includes a list of all staff employed on the work, their terms and conditions, reckonable service, accrued pension rights and current health.

Court rules personal-contract 'sweeteners' illegal

By John Mason and Lisa Wood

THE OFFERING of financial incentives to staff by employers to assist the de-recognition of trade unions is a breach of employment law, the Court of Appeal ruled yesterday.

In a judgment with widespread implications for the introduction of personal contracts throughout industry, three judges decided that employers' use of incentives amounted to unlawful discrimination against an employee's right to belong to a trade union. The judges upheld two appeals by members of the transport union RMT and the National Union of Journalists whose employers, Associated British Ports and Associated Newspapers, publisher of the Daily Mail, had offered pay increases to staff prepared to sign personal contracts but denied them to those who wanted to remain union members.

Lord Justice Dillon said this amounted to a breach of section 23 of the Employment Protection Act 1978, which protects employees' rights to belong to a union. He rejected the employers' argument that if individuals were given a choice, such as accepting a personal contract or remaining in a union, they were not being penalised.

Lord Dillon said the judgment did not affect the right of employers to de-recognise unions or to require changes in employees' terms and conditions.

But employers enter a potential danger area offering a "douceur" (sweetener) to employees who support their policy but not to those opposed to it, he said.

The court's ruling was welcomed by the two unions which had brought the appeals.

Mr John Foster, general secretary of the NUJ, said it amounted to a substantial reassertion of union rights which would have widespread implications for attempts by employers to introduce personal contracts. The NUJ is presently dealing with a series of similar cases from the newspaper industry.

Mr Paul Statham, a lawyer for RMT, said more union members would be able to seek redress from industrial tribunals if they believed they had been penalised because of their union membership.

It appears certain the issue will go to the House of Lords for a final decision. ABP ruled out a further appeal, but Associated Newspapers seems likely a mount a further challenge.

City critical of government after bomb

By Andrew Jack

ORGANISATIONS IN the City of London strongly criticised the government following the IRA bomb at Bishopsgate last Saturday, according to an FT/MORI survey.

Only one third said they were either "fairly satisfied" or "very satisfied" with the performance of the government in dealing with the problems caused by the IRA, while 34 per cent were "fairly" or "very dissatisfied".

When asked about reasons for their dissatisfaction most highlighted a perceived failure by the government to change the political situation in Northern Ireland. "The same stance as 30 years ago has not achieved a result," said one.

One commented: "There seem to be no new initiatives – they always react to everything after it's happened." Another said: "The problem has to be tackled before bombs get into trucks."

Several called on the government to increase its commitment to finding a solution, suggesting measures such as better intelligence, improved security and tighter co-ordination. Less than a third had positive comments on the performance of the government following the bombing, while 17 per cent said they rated it "poor" or "very poor". Fifty-nine per cent were positive about the role of the press.

But the Corporation of London received high praise, with nearly three quarters rating it "very" or "fairly good". The police received positive comments from 60 per cent of organisations, and the Fire Service from nearly half.

Most said the police or the City corporation should co-ordinate greater security between companies in the future.

Eighty-four cent of organisations supported a greater police presence on the streets of the City to prevent terrorism, 79 per cent wanted the police to have powers to set up road blocks when they felt it necessary and 74 per cent wanted formal co-ordination of security arrangements by organisations in the City.

Just less than three quarters said they already had a formal contingency plan with which to respond to crises such as a terrorist bomb, of which 26 per cent put the plans into operation after the explosion.

The proportion of organisations with plans fell to two-thirds for organisations with less than 1,000 employees. The highest proportion without plans were investment houses, regulators and accountants.

Most of those with contingency plans had only developed them very recently, with 45 per cent formalised since the bomb at the Baltic Exchange in April last year.

More than a quarter of organisations said that some of their City workforce was unable to work on the Monday after the bombing, with the worst affected being investment houses. Even by Wednesday, 15 per cent of companies said, none of their workforce was working.

Operations were also affected in other ways. Several companies mentioned that they helped others with accommodation and other assistance.

Some had work disrupted because of damage to clients' or customers' offices. At least two mentioned difficulties in getting access to their buildings after the bombing.

Half of companies already had external security cameras and 48 per cent had toughened glass. Nearly four-fifths had introduced greater controls on entry to their buildings.

Nearly a quarter of companies said they would consider installing cameras following the bombing, 15 per cent a redesign of office accommodation and 19 per cent moving key functions permanently to less vulnerable locations.

Surveyors chart the damage to offices

By Vanessa Houlder, Property Correspondent

THE BRUNT of the disruption from the Bishopsgate bomb was borne by overseas financial institutions, which occupied half the damaged office space, an assessment by chartered surveyors shows.

The bomb damaged 1.6m sq ft of offices, three quarters of which were occupied by banks and financial advisers, the Herring Baker Harris report says.

Professional services and insurance companies were also badly affected, accounting for 14 per cent and 8 per cent of damaged offices, respectively.

The explosion will reduce the vacancy rate in the City from 18.8 per cent to 17 per cent – it had reached unprecedented levels after the recent surge in construction.

The glut of empty City offices will be cut by up to 1m sq ft as a result of demand from displaced tenants and the withdrawal from the market of vacant space that was damaged. A third of the damaged offices were vacant. Another third is expected to be habitable within a month.

More than a quarter of the buildings damaged by last year's IRA bomb were caught up in the latest blast, especially those around Camomile Street.

Much of the affected area was re-developed in the late 1980s. A quarter of the damaged buildings are less than 12 years old.

CITY AND THE BOMB: FT/MORI SURVEY OF SENIOR DIRECTORS AND PARTNERS

Before last week did your organisation have a formal contingency plan for dealing with crises such as a terrorist bomb?

Yes	74
No	26

To overseas banks: How likely is your organisation to reduce the scale of its operations in London, because of the risk of further bombs?

Very likely	0
Fairly likely	0
Not very likely	17
Not at all likely	83

Approximately what percentage of your workforce directly affected by the bombing was able to work?

	Monday	Tuesday	Wednesday
0%	13	15	15
1% to under 100%	14	6	2
100%	73	79	83

Which of the following security measures have your key City offices implemented/will now consider introducing?

	Have	Will consider
Greater control of entry to building	78	7
Installation of external security cameras	50	24
Install toughened glass	48	13
Redesign of office accommodation, such as curtain/rubber window surrounds	44	15
Secure the area immediately around your building	39	8
Moving key functions permanently to less vulnerable locations	21	19
None of the above	9	46

How satisfied are you with the performance of the government in dealing with the problems caused by the IRA? Are you

Very satisfied	2
Fairly satisfied	31
Neither/nor	19
Fairly dissatisfied	26
Very dissatisfied	8
No opinion	14

To what extent do you agree with the following view: "If the bombing campaign continues, London will lose its position as Europe's premier financial centre"

Strongly agree	9
Tend to agree	38
Neither agree nor disagree	11
Tend to disagree	19
Strongly disagree	20
Don't know/no opinion	3

Looking at specific actions which authorities and business might take in the future to counteract terrorist attacks, would you support or oppose each of these?

	Support	Oppose	Don't know
Greater police presence on the streets in the City to prevent terrorism.	84	6	10
Private cars excluded from certain areas of the City which may be at high risk.	40	49	11
The police given powers to set up road blocks as and when they feel it necessary	79	14	7
Business in 'high risk' areas to pay an extra premium for terrorist cover	31	51	18
Formal co-ordination of security arrangements by firms in the City	74	16	10

How would you rate the performance of the following organisations following the recent Bishopsgate bombing?

	Good	Poor	Neither/Don't know
Corporation of London	74	1	25
Fire service	48	0	52
Police service	60	10	30
Government	32	17	51
Media	59	7	34

WHO WAS POLLED – April 28-30

	Organisation									Size of organisation		
	Accountancy	Insurance company	Investment House	Lawyer	Merchant Bank	Overseas Bank	Regulator	Stockbroker	Other	Under 1,000	1,000-14,999	15,000 plus
TOTAL 103	5	12	13	11	15	12	6	10	17	73	27	3

Hunt for Thames chief continues

THAMES WATER confirmed yesterday that missing chairman Sir Roy Watts had known he was suffering from Parkinson's disease for two months, as the search for him entered its fourth day, Bronwen Maddox writes.

Colleagues in the water industry said that he had been depressed following diagnosis of the illness, which many had suspected for months.

Sir Roy, 67, has not contacted his family in Oxfordshire or Thames since his driver left him at his Battersea flat at 2pm on Tuesday.

Police frogmen were reported to have searched the River Thames near his flat yesterday but found no trace.

Whistle-blower on murder charge

THE man who exposed price-fixing by a large international drugs company was remanded in custody yesterday on a charge of trying to get another man to murder his wife.

Mr Stanley Adams appeared before Yeovil magistrates, Somerset, on a charge of unlawfully attempting to get Mr Anthony Cox to murder his wife Deborah Adams between August 1 last year and April 29 this year. He was remanded in custody until Tuesday.

Mr Adams was at the centre of a battle to be allowed to live in Britain after exposing price-fixing by Swiss-based international drugs company Hoffman-La Roche to the European Commission.

Speaker ponders Maastricht course

MISS Betty Boothroyd, the Speaker of the Commons, will consider over the weekend which amendments to the Maastricht legislation should be chosen for debate and vote on Tuesday and Wednesday of next week when MPs resume their detailed discussion of the bill. She will announce her decisions on Tuesday.

The most contentious question is whether she will allow MPs to vote on an amendment, which has attracted wide support from opposition parties and Tory Euro-sceptics, to exclude from the bill the social protocol, which contains both the social chapter and the UK's "opt-out" from it.

Medicine bill falls

A BILL paving the way for the disclosure of more information about medicinal products was effectively blocked yesterday when it failed to complete its Commons stages. The Medicines Information Bill, piloted by Mr Giles Radice, Labour MP for Durham North, had not completed its report stage when time ran out. This forced its return to the backbench legislation queue, effectively killing it.

ICI unit moves

ZENECA, ICI's bioscience subsidiary, is to move into a new 43,000 sq ft office building at 84 South Audley Street in London's Mayfair, following its planned demerger from ICI.

Ashman trial

MR ROY ASHMAN, former chairman of controls company Harland Simon, was yesterday committed for trial at Aylesbury Crown Court. Mr Ashman, who appeared at Milton Keynes Crown Court, faces one charge of making a misleading statement contrary to section 47 (1) b of the Financial Service Act 1986.

Security cameras catch the eye

Jimmy Burns reports on the early success of a surveillance system in Northampton town centre

NORTHAMPTON has long been proud of its historic battles, its shoe-making and its cricket. Recently a different kind of reputation has drawn the attention of politicians, senior police officers and business leaders to this Midlands town.

In the wake of last weekend's devastating bomb in the City of London, local officials are finding themselves inundated with inquiries about the town centre's closed-circuit TV surveillance system.

Other towns have them but none on such a concentrated and integrated scale as in Northampton, where 96 cameras linked to a central system cover the main shopping areas and car parks.

Mr Norman Howells, the council's head of finance and operations, said: "The push for this came from the public and the traders. The crime threat was not as great as people imagined, but the public wanted us to install a system that made them feel safer. It was a question of confidence."

All the cameras in the town are linked to a control room housed in an office above the town's main multi-storey car park. There two operators working eight-hour shifts sit in front of rows of monitors – some split into four, others providing full-screen images.

They can spot and record anything that is going on at any time in all the town's central pedestrian and vehicle routes.

The controllers, employed by Firm Security Group, a private security company, sit at panels controlling camera angles and freezing pictures.

They have a telephone link to the police, and at night the system becomes the responsibility of the local police force, which has another set of monitors in the nearby station.

The visual accuracy and speed of the system in identifying vehicles and individuals is impressive. At about midday on Thursday I watched one monitor capture a truck on screen which had temporarily parked with flashing lights outside the town's main hotel. After zooming in from a wide-angle perspective of the street, the camera provided a clear close-up shot of the driver.

As it turned out the truck – similar in size to the one that exploded in the City at the weekend – was known locally. But had action been needed the operator would have contacted the police, who would have checked the vehicle on their monitors before taking between one minute and five to arrive on the spot.

Local police Chief Inspector John Cordner said that the system was primarily a deterrent and a provider of supporting evidence. It could not provide a guarantee that security would not be breached.

Its main success in the month it has been fully operational has been in providing evidence leading to 17 arrests. Both council leaders and police insist that the system can provide better security than simple foot or vehicle policing and is cost-effective.

The system has been introduced during the past 2½ years and 85 per cent of all crimes in the areas monitored have been solved by the police. The public seem to like it.

The management of the car park believe that the 12 per cent increase in customers over the past year, in spite of the recession, is a mark of public confidence.

The council spent £280,000 in installing the full system, with £20,000 provided by the private sector, but it cannot afford to use the cameras' full potential.

To monitor every vehicle would require about 32 individuals sitting without interruption for 24 hours – about five times the present staffing.

Mr Leon Barwell, director of sales and marketing with Firm Security Group, said the aim was to make the most cost-effective use of the system.

Chief Insp Cordner, reluctant to endorse it as a complete solution, said: "Its only an aid. It's as good as the people who are monitoring it. You still need people to make a judgment."

Ashley Ashwood

Security screening: the panel controlling the 96 cameras of Northampton's town-centre closed-circuit television surveillance system

Pictures of lorry bombers released

By Richard Donkin

THE CITY of London Police have released video pictures of two men walking away from the parked lorry containing the bomb which devastated Bishopsgate in the City.

The enhanced pictures from a commercial video tape taken by a camera mounted in Bishopsgate show two men walking south and apart down the street just before 9am. Both are wearing hooded jackets to hide their faces.

Commander David Tucker, head of Scotland Yard's anti-terrorist squad, said: "We are convinced these are the two men who left the lorry and it is reasonable to assume they are the bombers." Witnesses, he said, had confirmed seeing them getting out of the lorry parked 200 to 300 yards away from where the film was shot.

The first man, seen getting out of the driver's side, was between 5ft 8in and 5ft 9in and stockily built. He wore a slate grey three-quarter length anorak and dark trousers. Immediately he got out of the lorry, he pulled his hood up.

His passenger was slimmer and about 5ft 9in tall, wearing pale blue jeans and a blue and white mottled jean jacket with a hooded jogging top underneath. He also pulled the hood up to hide his face.

Mr Owen Kelly, City of London police commissioner, appealed to all premises to check for any tapes which police had not seen.

Mr Kelly said the pictures showed the value of security cameras. "I urge those who don't already have them to acquire them. Those who do, should check they are operating properly. One common fault is the tapes wear and don't give very good images and so should be changed regularly."

Police repeated an appeal for help in tracing the movements of the lorry, which was stolen on March 20 in Staffordshire and was later painted blue.

London and Dublin 'at one'

By Tim Coone in Dublin

THE BRITISH and Irish governments "are at one" on Northern Ireland according to Mr Douglas Hurd, foreign secretary.

After talks in Dublin yesterday with Mr Dick Spring, the Irish foreign minister, Mr Hurd said: "We need a fair and widely acceptable political agreement . . . which has to cover all three strands of talks that are taking place."

Mr Hurd reinforced recent statements by Sir Patrick Mayhew, the Northern Ireland secretary, that there could be no "internal settlement" in the province and any solution had to take into account the relations between the two governments, their relationships with Northern Ireland, and relationships between the Northern Ireland parties – hence the three "strands".

The last such talks on Northern Ireland's future administration ended last November without any significant agreement. The Unionist parties – and the Democratic Unionist Party in particular – have since laid down a precondition that the Irish government must drop its territorial claim to the province, written in its constitution, before any new talks can begin.

Both Mr Hurd and Mr Spring reaffirmed, however, their determination to see the talks resumed. When asked about the controversial move last month by Mr John Hume, leader of the Social Democratic Labour Party, to hold talks with Mr Gerry Adams, Sinn Fein leader, at the latter's request, Mr Spring said: "Our position is that which it has always been, that the government will not enter into talks with the men of violence. If they move away from violence then that opens possibilities for them to enter talks . . . Mr Hume is an experienced politician and I like to think he knows what he is doing."

Cook plan for post offices to pursue new business

By David Owen

LABOUR yesterday called for post offices to be free to diversify into new lines of business such as ticket sales and financial services as part of a blueprint for Post Office reform.

Under its proposals – which envisage a unified national postal service remaining in the public sector – the party would set up an independent regulator to set and monitor new service and performance targets.

It would examine ways of giving the Post Office access to the financial markets to raise private capital for development projects.

Mr Robin Cook, Labour's trade spokesman, said when launching the proposals yesterday that the party would review the body's corporate governance, possibly setting up a supervisory board whose members would be "more widely drawn" than present Post Office directors.

Yesterday's announcement came two weeks after it emerged that the government had decided to delay the possible privatisation of the Post Office until the 1994/95 parliamentary session at the earliest.

Ministers are expected to make a parliamentary statement on the outcome of the government's Post Office review before the end of the current session in July or August.

Mr Michael Heseltine, trade and industry secretary, has still to decide whether to sell the organisation as one unit or split it into two or three pieces based on its constituent parts – the Royal Mail, Post Office Counters and Parcelforce.

Labour's statement suggests there is some common ground between the two main parties as ministers are also keen for Post Office Counters to branch out into new businesses.

This is seen as a way of improving the financial performance of the thousands of post offices which do not cover their costs and must be subsidised from the Post Office's other activities.

Ministerial discussions on the issue have been given fresh impetus by Department of Social Security moves to encourage pensioners and recipients of other benefits to receive payments through automated credit transfers instead of via the Post Office.

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Growth, gold and the G7

FOR THE best part of a decade, economic co-operation in the Group of Seven industrialised countries has been a euphemism for protracted haggling over the structure of exchange rates, with the US occupying the role of arm-twister-in-chief. In this respect Mr Lloyd Bentsen, Treasury secretary in the Clinton administration, has shown himself to be a worthy successor to the great architect of dollar decline in the 1980s, Mr James Baker. Japan bashing has been his forte. But since this week's meeting of G7 finance ministers and central bank governors, all is harmony on the currency front.

In a sudden access of diplomacy, Mr Bentsen has condemned attempts to manipulate exchange rates. The G7 communique, meanwhile, stresses the role of structural reforms in promoting domestic adjustment and reducing the exchange rate changes that are required to restore external balance. The question is how long this outbreak of peace will last.

While there may have been good reasons for talking up the yen, the need to curb Japan's trade surplus, which now stands at 3.3 per cent of GNP, was not one of the better ones. Since a high proportion of Japanese imports are dollar-denominated commodities, the initial impact is to make the deficit widen. To make matters worse, Japanese exports are notoriously insensitive to price changes. Recent history suggests that the response of the Japanese tradeable goods sector to a currency-driven squeeze is anyway to restructure and become yet more competitive.

Deceleration

Nor is the latest bout of yen appreciation persuading the over-indebted Japanese consumer to come out of the shell. After the excesses of the bubble years, households are choc-a-bloc with consumer durables; and wage settlements are at their lowest level since the last yen surge induced the recession of 1987. The only good news on the US-Japan trade imbalance is that the US economy is growing more slowly than in any normal recovery – and that is bad news in most other respects.

The deceleration in US growth to an annual rate of 1.8 per cent in the first quarter of the year was partly due to a sharp contraction in exports, from an annualised rate of growth of 8.9 per cent in the fourth quarter to shrinkage of 7.1 per cent. So much for the impact of currency manipulation on the US trade performance, though too much should not be read into a single quarter. But nor does the decline in yesterday's figures for US factory orders in March suggest any immediate change in the picture.

As the G7 communique rightly puts it, the restoration of sustained non-inflationary growth is critical to our efforts to deal with domestic and international challenges. But precious little growth is in evidence at the moment. Outside the US, the Japanese are dependent on government spending to promote recovery, which takes time. The German economy is contracting, and gradual cuts in interest rates by the Bundesbank point to a very slow move out of recession for the rest of continental Europe. Even in Britain, where the substantial relaxation of monetary policy since last September finally appears to be working some magic on domestic confidence, it is too soon to predict the strength of recovery.

Unsynchronised

It is paradoxical, then, that commodity prices have turned up this year and that some high-profile investors have been telling impressionable journalists about their enthusiasm for that great anti-inflationary hedge, gold. The striking feature of the commodity upturn is the low base from which it starts.

Nor is a modest upturn necessarily a bad signal. In those economies which are over-burdened with debt, it is desirable that investment should play a greater part in recovery than consumption; and an investment-led cycle, marked by large infrastructure spending, especially in Asia, would naturally tend to be more commodity intensive than one in which growth is related to consumption and the service industries.

In the present economic cycle growth is wholly unsynchronised across the world, so there is little risk of a commodity-based global inflation of the kind that marked the mid-1970s. If there is an inflationary risk, it is in the latter part of the decade and it relates to the difficulty G7 governments have in restraining structural budget deficits. If, for example, the Clinton administration's plans for healthcare impose excessive burdens on an already weak budgetary position, there could be trouble.

The pressure of an ageing population in Japan and in continental Europe could similarly undermine fiscal policy, in the absence of pre-emptive effort to improve the financing of pensions and healthcare. But the bond markets are highly sensitive, after the losses incurred by investors the 1970s, to such threats. If governments do look like losing their grip on fiscal policy bond prices will collapse and interest rates will rise well in advance. It may still be possible for governments to inflate their way out of their debts, but the electoral consequences will be swifter this time round.

Richard Lapper and **Andrew Jack** on the Names' response to Lloyd's business plan

Lean years after the harvest

Mr Ronnie Todd-Young was too busy yesterday afternoon to watch the countryside as he travelled by train to Chablis in northern France. As a member of Lloyd's, who underwrites just over £1m a year, he was meticulously reading the first business plan from the London insurance market.

Like thousands of others, Mr Todd-Young was looking for signs of hope to counter the prospect of ever-increasing losses and demands for money which are forcing many Names – the individuals whose personal assets back the market – into financial hardship.

Mr Todd-Young, 58 and semi-retired, combines his professional interest in wine with membership of Lloyd's. He is also an organiser for the Tunbridge Wells area of the Association of Lloyd's Members, the body which represents several thousand of the 19,642 active Names.

After making steady profits during the early 1980s, he has now had three bad years as the market plunged into loss. "I saw it as a way of making my capital work harder, and it paid for my children's education," he says. "Now I'm having to pay it all back."

During 1988 and 1989 when Lloyd's lost more than £2.5bn in total, Mr Todd-Young paid out about £100,000. This year, the market is bracing itself for a further record loss of more than £2.5bn for 1990 (Lloyd's reports its results three years in arrears). Mr Todd-Young is expecting another loss of more than £100,000.

He managed to pay his 1988 and 1989 losses from cash. Now he has started selling shares. "The old treasure box will be empty at the end of the year," he says.

After skimming the business plan, he said: "The main shock was to see what the top management thought the global loss would be. For 1991 there will be another loss of over £1bn. It's rather bloody worrying. My concern is that it all seems to get worse. You lose confidence in what we're being told."

Faith in the competence of the market's professionals and managers is one of the main issues addressed in the 70-page business plan launched on Thursday by Mr Peter Middleton, chief executive of Lloyd's, and Mr David Rowland, its chairman. It contains a glimmer of hope for the most hard-hit Names.

In his introduction to the report, Mr Rowland says Lloyd's is prepared to make "a modest contribution" to a settlement of the legal disputes dogging the market if this is "demonstrably to the net benefit of the Society as a whole". Talks to achieve a deal will continue.

There is rather better news for Names less badly affected. The plan will make it easier for those continuing to trade to pay any future losses. A scheme to isolate many billions of pounds in old liabilities from US asbestos and pollution claims should eventually allow the market to contain these problems.

As a result, Names who are members of syndicates with "open years" – where the uncertainty of future claims means syndicate managers are unable to close accounts – would be able to leave. For those who remain, radical reorganisation and cost-cutting offer the prospect of potentially attractive profits.

But the reaction of Names has so far been muted. Lloyd's sense of realism is generally welcomed but views range from despair to subdued optimism.

In West Sussex, news of the plan on Thursday's BBC Radio 4's Today programme did little to lighten the

Fernanda Herford, who stands to lose £800,000, and Ronnie Todd-Young, who expects a £100,000 loss this year

gloom surrounding Mr Richard Godden. In common with a sizeable group of other Names nearby, he was recruited to Lloyd's in the mid-1980s through the Gooda and Partners agency, whose owner, Mr Tony Gooda, lives in nearby Coneyhurst.

The experience has been a grim one. Gooda & Partners has gone out of business, and the Gooda Walker syndicates into which it placed many of its Names have lost nearly £1bn. Mr Godden faces losses of nearly £600,000, which he says he is unable to pay.

What he finds most worrying is Lloyd's decision in the business plan to lift a moratorium on legal action against Names who are refusing to pay. "I'm just waiting to be served with a writ in a week's time," he says. "The plan is all very well for people who are staying in. It is no good at all for those people who have been ruined. I think Lloyd's is certainly doing more, but it has an awful long way to go."

Mr Godden, a retired local magistrate, is taking legal action against his agents. "The way we have been treated by some of these people was much worse than the people who come up before me," he says.

The business plan reassures Names that it will not issue "blanket writs" against those who have not been able, or have refused, to meet demands for cash. But its moratorium on issuing individual writs – which Mr Middleton temporarily introduced two months after his appointment in September – will be lifted at the end of this month.

That makes little difference to Mr Godden. He is a member of the 2,000-strong Gooda Walker Action Group, through which Names are suing their agents for negligence in the biggest legal action at the market. Writs have been served and the case will come to court in 1994.

Mr Godden is also supporting a smaller case, backed by the Writs Response Group, another alliance of loss-making Names. "Frankly, I'm fighting and resisting all I can," he says. "It is making life a perfect misery for people like me. The worst thing is that we've been tricked and deceived."

Ms Fernanda Herford, another Gooda Name, is similarly dismissive of the business plan – although she says she was braced for worse news. "It is a damp squib, but I thought they'd ditch us more blatantly," she says, referring to the failure to provide any rescue plan for hard-hit Names. "I thought they would be more ruthless with us."

Ms Herford joined Lloyd's in 1978 and expects to lose nearly £800,000, nearly eight times the amount she needed to deposit with Lloyd's to underwrite. "It is endless. I'm blown out of the water. I've ceased to care, I'm so over the top," she says. Even her efforts to raise cash to meet claims have backfired. By selling shares to pay early losses of £300,000, she has been left with a big bill for capital gains tax.

She has been earning an income by letting out rooms in her Chelsea home as bed and breakfast accommodation for tourists. At the same time, she has begun to campaign on behalf of other badly hit Names concentrated on the so-called "spiral" syndicates – those which provided reinsurance against large-scale losses for other Lloyd's syndicates. "If I knew then what I know now I wouldn't touch [Lloyd's] with a bargepole," she says.

That view is shared by Alexander and Jessie Munn, who joined Lloyd's in the mid-1980s. The couple is waiting to hear the details of the plan, although they heard the outline on the radio news. "It sounds as though we have been set adrift," says Mr Munn.

"[Lloyd's] permeates your every day," he says. "It's difficult to get anything else done. You're told to pay up and shut up. But many people have paid everything they can pay. When I joined in 1986 I thought I was going into an honourable institution. I have discovered that I have become involved in a cesspit of dishonesty."

Mr Clive Francis is angrier still. He made his money in property development and lost it all on syndicates at Lloyd's – including those managed by the Gooda Walker and Pulbrook agencies. He has little time for the new business plan. "After all the gestation of an elephant, it produced a mouse. This is Peter Middleton's mouse," he says.

"The report is tantamount to admitting fraud, failure to regulate and incompetence in the past. But reformation without restitution will fail. I have been hearing calls for an extraordinary general meeting. People are saying we will just not accept being tossed overboard."

The reaction is not surprising from Names who feel embittered about their huge losses. But even Names less badly hit are cautious in their welcome for change. Mr Todd-Young, for example, is a member of a number of syndicates which have "open years". Although he approves of the business plan's proposal to set up a scheme to isolate many of these old liabilities, he is worried about the cost.

Some Names could be asked to pay more money if Lloyd's finds their syndicates provided insufficient in reserves in the past. "If we are asked to pay even more money, I'm not sure where it is going to come from," says Mr Todd-Young.

He is also worried about the impact of legal action on Names who are not involved at first-hand in litigation. "The worst-hit Names are saying you have got to help us. I'm saying I haven't got any money to pay my own losses. I don't want to be accused of wanting to push the mortally wounded off the boat, but litigation is a big worry."

Rear-Admiral Nicholas Goodhart, who has retired to Craddock in Devon, says Lloyd's is doing the best that can reasonably be expected. He applauds the criticism of past mistakes and praises the market's intentions to reduce costs. "Some of the agents have done a valuable job. But, by Jove, they have paid themselves for it," he says.

A Name since 1978, underwriting £750,000 a year, Rear-Admiral Goodhart has been hit by losses in 1988 and 1989, which have been aggravated because of his membership of the Feltrim syndicates – which, like Gooda Walker, specialised in "spiral" reinsurance.

"Provided all the insiders don't take all the profits and leave all the losses to the Names there is no reason why they shouldn't be profitable," he says. Even so he admits, "I'd be better not to have joined. The losses have caused a certain amount of worry. Our horns have been drawn in."

Even the optimistic Names temper their reponse to the business plan with concern about the market's recent rgulatory and management failures. Sir Hugh Bidwell, the former Lord Mayor of London, and a Name at Lloyd's since 1986, is enthusiastic about the business plan, but says: "So much of it is sheer common-sense. It unbelievable that Lloyd's has been allowed to operate without a central plan."

Sir Hugh, who has reduced his commitment to the market to £450,000 after suffering big losses in 1989 and 1990, says that he "can't wait" to increase his participation again. Even so he warns: "One shouldn't underestimate the problems. It is only the first rung on the ladder and it is a slippery ladder to climb."

Main aims of the Lloyd's business plan

- Names to get a 48 per cent pre-tax return
- 20 per cent pre-tax return for incorporated Names
- Cut cost base by at least £190m
- 'Ring-fence' to be created to protect new capital from old-year liabilities
- Continue negotiations to settle legal disputes
- More independent regulation
- Reduce managing agency fees
- Establish central unit to carry out member agents' administrative functions by 1994
- Introduce Mapas (member agents pooling arrangements) to underwrite with 25 per cent deposit;
- Admit incorporated capital for 1994
- Introduce 'high-liquidity Names' with liquid assets of £500,000 or more and 20% deposit
- End restriction on £3m upper premium income limit
- Include US dollar securities as acceptable Names' deposit

MAN IN THE NEWS: ***Peter Morgan***

Direct hit by boss of bosses

Britain, like many of its company boardrooms, is full of "first-class people putting in a second-class performance", claims Mr Peter Morgan, director-general of the Institute of Directors and boss of bosses.

This week, he won applause from 2,000 company directors attending the institute's annual convention at London's Royal Albert Hall by imploring Britain to end its "dreary pattern of postwar economic decline".

His critique of past economic mistakes and his assertion that the economy was recovering "more or less over the dead bodies of Bank of England and Treasury officials" was portrayed as untimely and unhelpful for a governing party posing as the champion of business.

But the man who heads an organisation of 48,000 wealth-creators, all paying homage to the entrepreneurial arts, insists his intervention was not a betrayal.

A Welshman with a reputedly fiery temperament, he says his criticism was directed less at present ministers and more at the Whitehall establishment which has gripped successive governments by the throat.

Known as someone who likes making waves, Mr Morgan says he was also trying to press upon industry its binding obligation to help drag Britain up from the bottom of the international league of economic performance, where it hovers above Greece, Portugal and Turkey.

"Britain has the talent, the leadership and the inventiveness, all the ingredients for enterprise. Yet they don't come together," he says.

The son of a West Glamorgan bank clerk who spent 30 years at IBM before taking over at the IoD in 1989, Mr Morgan says Britain's lowly position stems primarily from companies' lack of productivity, competitiveness and employment and wealth-creating ability.

"If I were a politician I would be utterly frustrated because I would think I was being let down," he says. Having said that, government – "I use it in the generic sense" – is not free of sin. As a Trinity College, Cambridge, historian, he mounts his favourite hobby horse to survey the "anti-enterprise culture" which spread during the postwar decades of trade union power and nationalisation.

The Thatcher years, however, were "pretty successful", ushering in a renaissance in attitudes and practices which offered "an immediate, measurable response" – such as productivity improvements and a halt to Britain's declining share of world trade.

Then it all went wrong. Although he says there is no point in "going over and over" the messy end to the 1980s, he largely attributes the final, calamitous errors under Mr Nigel Lawson, the former chancellor, to the pernicious influence of senior civil servants. "I am quite sure that no two people have a greater commitment to controlling inflation than the present prime minister and chancellor. But so did Lawson. When chancellors like that end up as he did, you have to ask about the way the system works," he says.

So a fundamental element in the "radical new approach" to economic management he outlined at the Albert Hall would be a strong, independent Bank of England, removing excessive political discretion from macroeconomic management and restoring sound money and financial instability. The implication is that, without it, the government might again let inflation rip.

The IoD, he is at pains to point out, does not expect the government to run the economy, merely to provide the correct framework. It is in the performance of the company sector that Britain's salvation lies, although government can certainly help make its task easier.

Which leads to the remainder of his agenda. For the most part, it covers pretty familiar territory.

Britain must have an education system which gives it indispensable skills for the 21st century. Companies, Mr Morgan says, must exploit the full potential of their employees by "getting the ideas out of the heads of management and into the hands of the workforce". Business must exploit its earning power through higher added value, by importing less and exporting more.

Though there has been some progress, government must also dismantle the burden of capital taxation; otherwise, its commitment to helping small businesses in particular will be called into question: "The perspective that demands capital must be taxed and not allowed to fructify is bad."

For an economy of its size, Mr Morgan suggests, Britain has more than its fair share of world-class companies, but it is failing to flourish further down the corporate scale. "We do not have the all-important layer in the middle."

His "radical agenda" begins to sound a bit like a pre-Budget shopping list. But he does not apologise for seeking advantage for companies, upon which everyone's future prosperity ultimately depends.

One of the "brightest things on the horizon" is the revolution in attitudes under way at the Department of Trade and Industry. In seeking to ensure government does not move without considering the impact on business and in drawing both together to win business, Mr Michael Heseltine "is fulfilling our agenda to the letter".

Beyond the structural, however, there is the cultural. Donning his history hat again, he says: "If you go back in time, your name was what you did – weaver, thatcher, butcher, baker, archer. But somehow we have lost a sense of common economic purpose."

There is also a cultural undercurrent which has difficulty dealing with success. The public loves to attack directors for high earnings, though he says people are beginning to understand that top management should be well rewarded if they perform well.

Mr Morgan – whose IoD contract obliges him to maintain a couple of directorships of his own – is not going to apologise for rewarding success. But the 56-year-old Lloyd's underwriter adds: "I will not defend compensation which is not transparent in terms of performance."

So how about revealing what the IoD pays him? The institute is not obliged by statute to do so, but has recently been thinking about it. It intends to disclose the sum soon. So why not now? Very well. Mr Morgan says he is paid £146,000 a year.

Michael Cassell

So Farewell.
Then, Brian.
Doyen of the City Ground.
Your old magic has ceased to
Inspire.
You've been elbowed out.
The enterprise you've led for 18
Glorious years is collapsing.
Keith's mum says you were a loud-mouthed
Bully.
But I always thought you were the
master.
You'll be sorely missed by fans and
rivals.
Life will never be the same.
(With apologies to EJ Thribb [17½] of Private Eye magazine)

A lovable bully's fall from grace

Christopher Lorenz reflects on the leadership of soccer's Brian Clough

For any readers in New York, Nuremberg, Nantes or – God forbid – Nottingham who haven't the faintest idea what on earth this dreadful adolescent doggerel is all about, the explanation is this. A few days ago Britain's best-known soccer manager and TV sports "personality", the larger-than-life Brian Clough, announced under boardroom pressure that he would retire from his job at Nottingham Forest Football Club from the end of the season. He has occupied the post since 1975, making him, at 58, the second-longest-serving postwar soccer manager since the legendary Matt Busby of Manchester United.

Clough's passing, and next week's probable relegation of the club which he transformed from mediocre journeymen to European champions, holds lessons aplenty for other leaders and their followers – not just in sport, but also in politics and especially business. For Clough's irascible character and domineering leadership style bear a striking resemblance, albeit in exaggerated form, to those of many politicians and top executives past and present. Remember Margaret Thatcher, who departed in equally ignominious circumstances? Or Lord King, late of far-from-Virgin British Airways, who went in similar fashion? Or Robert Horton, ousted from the chairmanship of British Petroleum last summer after only two years at the top?

Admittedly, managing a football club is in a somewhat lesser league than the tasks which such big-time players perform. But this does not invalidate the parallels between their styles of leadership, as Clough's career shows.

Together with many charismatic business leaders who have a sustained stay at the helm, Clough had his most successful years as part of a duo. In business, the partner usually stays quietly out of the limelight. But Clough's, the late Peter Taylor, was equally outspoken. Once they split up, Clough never hit quite the same heights again.

His leadership style epitomised old-fashioned industrial management – the arrogant, charismatic autocrat who rules with a rod of iron, and demands unquestioning obedience. Nigel Nicholson, professor of organisational behaviour at the London Business School, calls this "benign despotism – or not always so benign".

In Clough's case, the fear this induced was laced with a streak of paternalism and – something many business leaders lack – genuine humour. Whatever the wider world thought of him, this earned him intense respect, sometimes bordering on love, from almost all his staff. Lord King and Lady Thatcher were rather different. Combined with their manifest competence, the fear they induced earned them bags of respect, but little love.

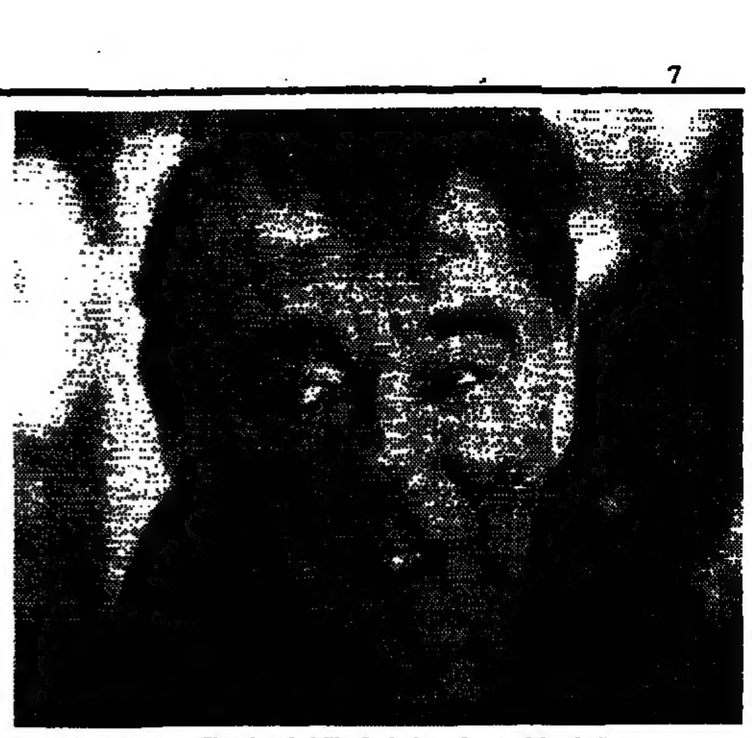
Clough's insistence on blind loyalty from his staff extended to forcing even mature star players to run through beds of nettles. Nicholson calls such acts "rites of degradation which fully absorb people into the clan." Clough also had a habit of humiliating players in front of one another – though much less often in public. As one of them wrote: "It was the law of the playground."

Another tendency was to reward players when they expected to be punished, and visa versa. "Such unpredictability creates extreme dependence," Nicholson says. It also prompted several mature men to walk out of the club. But Clough made a virtue of it even in public. In the business world, such mercurial behaviour is unusual, and top managers who practise it tend not to last long – unless, like Robert Maxwell, they own the company.

Clough's sense of his own power was so acute that he wore it on his sleeve. As with Bob Horton at BP, he could never cease letting you know that he was the boss. Overtly manipulative behaviour of this kind can be deeply annoying to one's staff, even when done with a dash of humour. Horton's conversations and internal speeches were peppered with jokes about his supposed infallibility, or his "running for Pope", while Clough belittled most males by calling them "young man". He parodied this in a recent TV advert by telling Gary Lineker and other England soccer stars to eat up their Shredded Wheat cereal.

Psychologists argue that such brash behaviour usually stems from insecurity. Even at the top of BP, Horton certainly saw himself as an outsider, with a different educational background from most of his Oxbridge colleagues. In Clough's case it rankled badly that he had failed to be appointed manager of the English national team.

Another similarity with Horton was the contradiction between Clough's own autocratic style and his professional belief in democracy. A lifetime member of the Labour party, he talked for years of becoming an MP. At BP, Horton eventually espoused the "empowerment" of managers and employees, but failed to suppress his innate nature, even with colleagues. It was part of his undoing.



Benevolent dictator: Clough ruled like Lady Thatcher and Lord King

When the time for instant judgments is over, and heavyweight historians move in, Clough's key strengths will be seen as his professional skill and perception, plus his remarkable ability to motivate the members of a team to raise their performance to impossible heights. The list of his faults will include arrogance and the congenital inability of most leaders to recognise when they have lost their touch (or passed their sell-by date, as EJ Thribb would say).

As recently as March, Clough was still joking about his ability to "walk on water". Leaders who feel that way should watch their step.

Lessons in the art of survival

UK boarding schools are changing as pupil numbers fall, says **John Authers**

While the recession was officially pronounced dead by the government this week, it is biting its deepest into one area of British life usually regarded as immune. Boarding schools across the country have seen their steepest fall in numbers – 6 per cent – since records began in 1982, according to the Independent Schools Information Service.

Attendance at independent day schools has been resilient over the past decade, and girls' day school attendances rose slightly this year. But the latest fall in the number of boarders, coming on top of a 10 per cent decline over the previous three years, has forced many boarding schools to adopt new strategies.

They are under pressure from two economic forces: the seemingly inexorable rise in their costs, and hence fees, and the effect the recession has had on parents' ability to pay.

Independent school fees (including day schools) have risen on average at double the rate of inflation for more than a decade. Last year, average fees rose by 8.3 per cent, triple the inflation rate, taking the average cost of a term at boarding school to £3,125. Headmasters' Conference schools, the independent sector's elite, charge £3,425 on average; prep schools charge £2,492.

Boarding schools are aware of the danger of pricing themselves out of the market, but their scope to keep fee increases down is limited. Education is highly labour-intensive, with staff salaries accounting for up to 80 per cent of costs, according to Mr Michael Oakley, chairman of the Independent Schools Bursars Association, which represents school treasurers.

Independent schools need quality staff, and cannot ignore teachers' pay agreements in the state sector. Isis believes that keeping independent school fee increases below the public sector teachers' pay rise of 9.5 per cent is, therefore, something of a victory.

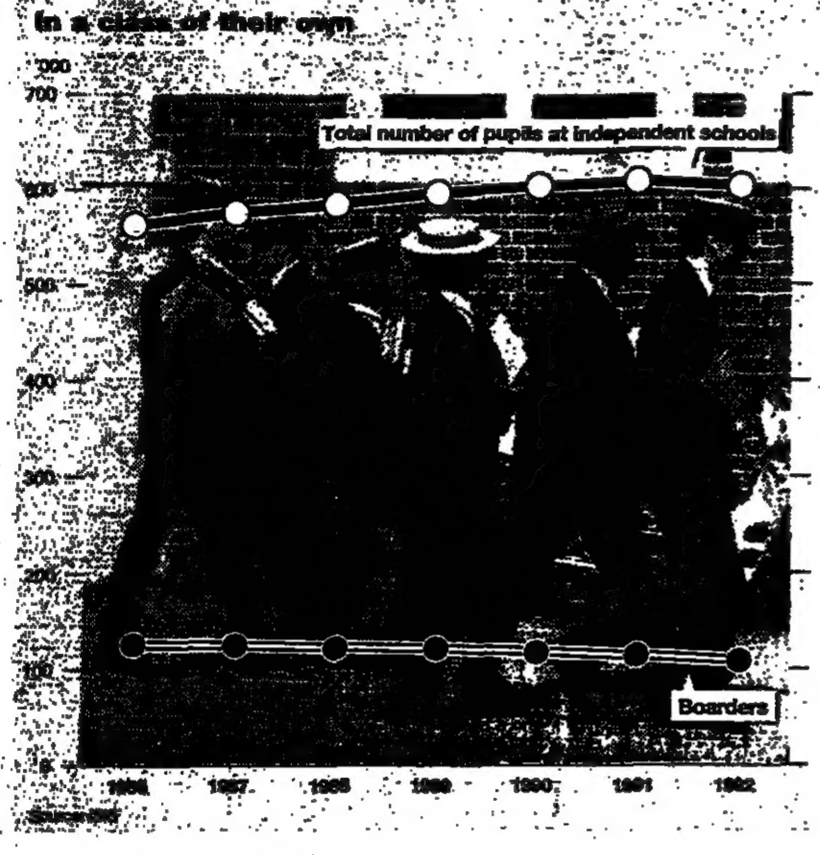
Fee increases have also been fuelled by competition between schools on eye-catching capital projects, such as sports halls and drama centres. As the recession deepened, parents began to decide that these were luxuries they could no longer afford.

Ms Joan Jefferson, president of the Girls' Schools Association and headmistress of St Swithun's, a boarding school in Winchester, admits: "Boarding is expensive and it's inevitable that in a time of severe recession it will be affected more because it costs more."

Boarding numbers have been hit far harder than day pupil numbers, which dropped by only 0.2 per cent last year after a decade of consistent growth. School fees are usually one of the last items of expenditure to be cut when a family suffers financial difficulties.

By contrast, the downward trend in boarding numbers has continued for more than a decade, even during the buoyant years of the mid-1980s, suggesting that social, as well as economic factors, are squeezing boarding schools.

In a class of their own



There were 126,616 boarders in the UK in 1986, according to the Department for Education, and only 109,216 in 1992.

In contrast with previous generations, the value of keeping children within a family environment, rather than sending them for a "character-building" experience at boarding school, is more widely accepted.

However, the oldest and most famous boarding schools have managed to escape the general trend. At Winchester College, for example, numbers have risen because the school offered more places than usual last year, assuming that some parents would be forced by the recession to withdraw their sons. This did not happen.

Mr John Sabben-Clare, the headmaster, points out that the school is insulated against the recession because it attracts pupils internationally, not just from the UK or its local area.

But minor boarding schools which are not household names, in outlying areas of the country which offer sparse catchment areas should they want to attract day pupils, face real difficulty in justifying fee increases to parents.

They need to adapt to survive. That means an end to the ambitious building and capital projects of the past decade, increased assistance for pupils, whether from endowment funds or from the government's assisted places scheme, and a more flexible approach to boarding. Many boys' schools are becoming co-educational to expand their target market.

One example is Blundell's School in Tiverton, Devon, established in 1604, and the scene for much of the action in Lorna Doone, which will become fully co-educational from September this year. Mr John Leigh, the headmaster who took over at the beginning of the year, says: "There's a genuine desire to increase equal opportunity. But it's fair to say that the economic climate was a catalyst."

Schools are under pressure from rising costs and hence fees, and the effect the recession has had on parents' ability to pay them

Like other schools in the south-west, Blundell's has seen the number of boarders drop, though they still make up roughly three-quarters of the school's population. Blundell's has a policy of giving financial aid to local children – Mr Leigh points out that this corresponds to the founder's intention – and a quarter of pupils receive bursaries or scholarships from the school.

This puts it in line with the Isis figures which showed that 26.6 per cent of independent school pupils received help with fees, most of it – 16.9 per cent – coming from the schools themselves.

When Blundell's makes appeals to its alumni in future, it will be asking for funds to endow bursaries, not to build sports halls. According to Mr Leigh: "I think of the 1980s as the decade of building and of the 1990s as the decade of learning how to use those buildings to the best advantage."

Again this echoes the Isis trend, which shows that capital spending per pupil declined for the first time since 1982 last year – by 10 per cent to £513.

Another Devon boarding school, Shebbear College, has taken more drastic action. Shebbear is a 150-year-old Methodist school in the north of the county. Its number of boarders has steadily declined, and at the end of last year the Methodist Board of Management announced that it was to vacate its present site and merge with a girls' school in Bideford, 12 miles away.

Shebbear's governors and teachers succeeded in overturning the decision. However, they have done so only by accepting staff redundancies, and a cut in teachers' allowances. A total of £250,000 has been cut from the school's budget of £1.6m for next year, while fees for juniors have been trimmed by almost a third, from £1,250 to £850 per term. From September, the school, like Blundell's, will be fully co-educational.

These changes demonstrate the economic pressures on small boarding schools. Mr Russell Buley, Shebbear's headmaster, said: "We're simply recognising where the markets are for our product. The way forward is to face up to the problems of being an isolated boarding school and turn that to our advantage."

The proportion of boarders at Shebbear has dropped steadily and now comprises just over half the school's population. Many parents in north Cornwall and Dartmoor prefer a daily two-hour round-trip to the expense of boarding.

"Flexi-boarding" is the less traumatic policy which has been adopted by the Royal Naval School in Haslemere, Surrey. The school, which once had a heavy boarding emphasis because it was founded to educate the daughters of naval officers, now allows weekly boarding, and occasional overnight stays. Girls living locally are also allowed to spend time boarding while parents are away on business.

Mrs Jill Clough, the headmistress, explains that this unusual system evolved because of parental demand. It lessened the costs for many, while also allowing day girls to share in the "boarding experience" to some extent.

Like Blundell's, Royal Naval is now digging deeper into bursary funds and is also receiving help from charities. Mrs Clough describes this as taking a long-term view – if the funds are not used now, when parents are finding times tough, family links with independent education could be broken.

Strategies such as these mean that it is still too soon to declare the final demise of the British boarding education. But survival for the less prestigious boarding schools now requires innovation to attract new pupils and a greater effort to hold down costs than has been apparent in the past.

The arms embargo imposed on the Bosnian Moslems is unacceptable, argues **Martin Wolf**

Battle against a moral imbalance

Another flurry of negotiations has started over Bosnia. They seem unlikely to succeed. The west hopes to persuade the Bosnian Serbs to implement the Vance-Owen plan, while refusing to do anything effective to change their minds. In particular, the British government remains deeply attached to an arms embargo that guarantees the Serbs and, to an extent, the Croats military superiority in Bosnia.

Why is the government's support for the arms embargo so implacable? The foreign secretary has already answered this question by condemning the arming of the Moslems as merely providing a "level killing field". By its actions and its words, the British government evidently prefers an unlevel killing field.

Mr Hurd's position is, it should be noted, advanced as a moral one. He argues against arming Bosnia's Moslems on the grounds that it would both prolong and increase the killing. The obvious reply to this objection is "yes, it might". But what is desired by these means is not war for its own sake, any more than that was the aim of the US in supporting the UK during the second world war. The aim of fighting would be a better outcome than surrender. Mr Hurd should be able to see this. He insists that what is needed is a negotiated political settlement. But what can be the precondition for such a settlement, other than a balance of forces on the ground or the satiation of one side?

Participation by foreign ground forces would be more effective in bringing balance to the battlefield than arming the Bosnian government. But, for understandable reasons, the UK – along with France and the US – does not wish to undertake a large and open-ended commitment. With foreign ground troops ruled out, it seems extraordinary that a recognised state should be denied any effective means to defend its existence.

It is only because states provide a police force and an army that they are entitled to insist that their citizens remain unarmed. Similarly, only a commitment by the west to defend Bosnia's Moslems could justify depriving them of their right to self-defence.

So what about the argument that providing these people with means of self-defence may increase casualties? First, the west is not pacifist. Countries such as the UK accept that the risks of resistance will often be preferable to surrender. Second, the victims are being denied the right even to choose whether to defend themselves. The west is imposing the preferences of those not at risk on those who are.

To deprive both sides of means of defence is tantamount to willing the victory of the side that started off better armed. The present stance is pro-Serb. In feeding the victims, the British government has adopted a conscience-salving gesture. But by choosing neither to defend these people nor to help them defend themselves, it is an accomplice in "ethnic cleansing".

Yet by its support for sanctions against Serbia, the government has implicitly recognised that this is not solely, or even largely, an inter-ethnic war within Bosnia. It has also recognised that one side is more culpable than the other. Serbian action in Bosnia is made possible by the support from Serbia. The aim of that support appears to be the creation of a geographically contiguous, ethnically pure, greater Serbia.

The government's words and actions suggest it prefers an unlevel killing field in Bosnia

The western reaction has been economic sanctions, which are unlikely to work. What has happened since the Gulf war demonstrates the ineffectiveness of the sanctions policy that many favoured before it started. As for the Vance-Owen plan, it looks clever-silly. The fundamental objection is that it conflicts with the aims of both Serbs and Croats, yet there is no force to impose it.

Can sense be made of the British stance? Yes it can. The policy could be expounded as follows, even if members of the government would not be willing to admit this even to themselves: "Serbia will win this war. It will win because the costs of doing anything effective to stop it would be too high. It would be best for everyone if that victory were as quick and complete as possible. Giving military help to the Bosnian government would increase the number of people killed, while just postponing the inevitable.

"We cannot admit this is our policy, since it contradicts everything we supposedly believe in. We can also not ignore the disquiet of our television-watching population. The commitment of a modest contingent of soldiers for humanitarian purposes has at least stilled those calls and saved lives, while doing little to postpone Serbian victory. Naturally, we will not acknowledge this was our objective, for which reason the appearance of sanctions will be maintained indefinitely."

This policy is not indefensible, but it is hardly acceptable either. It suffers from four disadvantages.

First, it is bound to appear to fail. The ostensible policy is to stop Serbia, while the real policy is for Serbia to succeed. The contrast is bound to make the west look ridiculous.

Second, the policy may even fail to minimise the killing. Effective opposition is at least as likely to stop the Serbs as anything else. If that opposition is not to come from western countries, then it must come from those they are attacking.

Third, Bosnia is not the last word in this saga. Others will learn from the success of this brutal attempt to unscramble ethnic omelettes by force. Serbia itself will learn from the success of this attempt.

Finally, the western world is defined by moral values. To connive at atrocities for reasons of *realpolitik* concealed under the cloak of pseudo-pacifism is to bring it into disrepute.

It may now be too late to provide the Bosnian government with effective means of self-defence. Given western reluctance to intervene effectively, however, this policy would have offered a better chance of peace than negotiating while giving Serbs and Croats *carte blanche* to change facts on the ground.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Financial strength of with-profit companies

From Mr Geoff Westall.

Sir, You recently quoted my remarks on with-profits business in the life insurance industry ("Mutual sacrifice puts new thinking into boardrooms", April 21). I would like to set these remarks in the wider context of the benefits of with-profit life assurance, namely the smoothing of investment returns.

It is inherent in with-profits business that the policy holder enjoys a smoothed investment return. During a period of rising investment returns, smoothing will entail distribution of less than the assets that have been earned and hence a strengthening of the free reserve position.

Conversely, in a period of falling investment returns, the time lag of the smoothing process will lead to companies distributing more in assets than they have been earning on investments. While this excess will be paid for out of free reserves, our research indicates that the average cost of paying this excess in 1991 amounted to around only one half of one per cent of the total funds. We do not believe this has had a significant effect on the financial strength of with-profit companies.

Geoff Westall,
manager, Tillinghast, Europe,
Castlewood House,
77-91 New Oxford Street,
London WC1A 1PX

Cancer not a male preserve

From Ms Elisabeth Balsom.

You are taking male chauvinism a bit far when you publish an article headlined "Stacking the odds against cancer" (April 28), which includes three paragraphs on prostate cancer but nothing on breast, ovarian and cervical cancers which affect more than 10 per cent of UK women.

Elisabeth Balsom,
16 Coalecroft Road,
London SW15 6LP

Teaching the history of business

From Mr Arnold Kransdorff.

Sir, In reviewing Mr Michael Heseltine's new industrial strategy ("Heseltine's plan 'to help Britain win'", April 26), your reporter is right to point out that not all critical ingredients are in the industry minister's sphere of influence. If Mr Heseltine wants to encourage the cultural revolution he feels is so necessary to lift Britain's business prospects, he should go to the heart of the problem and make an appointment with the education minister.

At this meeting, he might ask Mr John Patten why, while subjects such as political, military, social and economic history are an integral part of the general educative process, business history as a curricular subject is not part of any form of universal education at UK schools?

He might point out that its neglect is evident at higher levels too, even at business schools. Just 6 per cent of business students are exposed to the subject in any way, equal to fewer than ½ per cent of the country's university population, a statistic which is put into further perspective by the number of professors of business history in the UK – just three against Japan's 300.

Our research into business history's application in the workplace shows that – unlike many of their overseas competitors – British managers and workers at all levels acquire little historical awareness of business in general and companies in particular from the wider educational system. This is compounded by the minimal efforts by companies to pass on their own history to employees.

While low historical awareness helps to explain the absence of a wider business culture, it also means that industry is unable to take advantage of its own practised example.

It can also be argued that the concentration on wider-based economic history at the expense of more specific business history makes aspiring British entrepreneurs less practical businessmen.

The industrial revolution is more than 220 years old. By being its first participant, Britain should have an inbuilt advantage of experience, knowledge and tradition – if it were passed on.

If the education system and industry did not ignore business history, Mr Heseltine wouldn't have to depend so much on initiatives such as advice shops to help individuals do what should – by now – come naturally.

Arnold Kransdorff,
Pencorp,
Beagle House,
80 Hill Top,
London NW11 6EE

Yen's peak against the US dollar

From Mr E C Pank.

Sir, Your newspaper has recently referred to the yen/dollar exchange ("Rising yen may not cut Japan's surplus", April 21) stating that the yen had reached a postwar peak of Y110.25 to the dollar. This was not a record high.

Prior to the second world war the rate was lower than Y4 to the dollar; after the war the US occupation authorities imposed a 15-to-one conversion rate which was raised considerably as inflation soared. The 360-to-one exchange rate imposed in 1949 lasted for more than two decades.

E C Pank,
company secretary,
Exco International,
Sherborne House,
119 Cannon Street,
London EC4N 5AX

City police unrivalled in fight against urban terror

From Mr Colin Coxall.

Sir, I refer to your article headed "Police plead not guilty to terror charges" (April 29).

The article states that the City of London police force "sometimes hasn't got cover at weekends". This statement is entirely wrong. At all times the force area is covered by a significant number of operational police officers, both on foot patrol and in response cars, capable of dealing with any incident. Indeed, on the morning that the Bishopsgate bomb was discovered by police, the force immediately deployed officers to evacuate a very large area, thus reducing the number of casualties.

In common with many other forces, the City of London Police has started setting target response times for attendance at incidents (which are graded in priority bands). This force sets very high targets (four minutes for the most urgent of incidents) and during the early months of this year a performance of almost 94 per cent was recorded across the full range of incidents.

Over the past three years, the force has dealt with five bombing incidents in the City of London, and gained unrivalled experience in fighting urban terrorism. It takes a leading role in training on this subject at the police staff college at Bramshill. Because of the heightened risk of terrorism to the City of London, officers have been redeployed from the fraud squad and other specialist departments to undertake anti-terrorist duties. Our officers work closely in conjunction with the Metropolitan Police anti-terrorist branch, and at any given time we have up to 30 officers working with them.

We feel that it is important that the citizens of the City of London are confident that their police provide a 24-hour, seven-day-a-week service, capable of meeting their needs.

Colin Coxall,
assistant commissioner of police,
City of London Police,
26 Old Jewry,
London EC2R 8DJ

COMPANY NEWS: UK

Stock Exchange halts share deals in demerged parts of ICI

Spotlight on grey market rules

By Maggie Urry

THE STOCK Exchange has asked Salomon Brothers International, the investment bank, to stop making a "grey market" in the shares of the demerged parts of Imperial Chemical Industries.

The exchange said it was reviewing its guidelines on grey market dealing – dealing in securities on a "when-issued" basis before official dealings start.

This could lead to a framework of rules for a Stock Exchange sanctioned grey market.

At present Stock Exchange rules forbid grey market trading although the exchange does give permission for such trading to take place on a case-by-case basis. Grey market dealings were allowed, for instance, in Racal and SmithKline Beecham.

The division of Salomon which was making the market is not a Stock Exchange member firm, so was not subject to the rules, but agreed to the request.

The Stock Exchange considered that since not all market participants were able to trade in the grey market and there was not full information about the issue which has yet to be priced, trading was not to the benefit of all investors.

The grey market trading could have affected ICI's ability to price the £1.3bn Zeneca rights issue which will coincide with the demerger.

Salomon ceased trading shares in Zeneca and the ex-demerger ICI yesterday at 1 pm, but will re-open trading after the price of Zeneca's rights issue is announced on May 12.

The final grey market price for Zeneca was 690p and for ICI ex the demerger 590p. All trades done since Salomon opened the market on Tuesday this week will be honoured.

Shares in Zeneca and the remaining ICI are due to start official trading on June 1.

Many stock exchanges have an established grey market in shares, and in London some Eurobonds and gilt-edged stocks are dealt in before issue. The exchange will talk to people in the market to judge whether a set of guidelines and a code of practice can be established.

Salomon said it welcomed the Stock Exchange's review "given the increased level of investor interest in such trading".

● The High Court ruled yesterday that the Zeneca shares to be issued to ICI shareholders in the demerger will count as capital in the hands of trustees, not as income. Had the shares been classed as income it would have caused problems for trusts where income is regarded as the property of the "life tenant" and capital belongs to the "remaindermen" who benefit after the life tenant's interest ceases.

BPCC considers market flotation

By Raymond Snoddy and Maggie Urry

BPCC, Britain's largest commercial printing company, is likely to go for a Stock Exchange flotation either late this year or early next.

The company, formally owned by the late Mr Robert Maxwell but sold when he pulled out of printing, has started work on the "beauty parade" to chose financial advisers for the flotation.

"I'm not saying we are floating in October but we have started the process," Mr John Holloran, BPCC's chief executive, said yesterday.

The company, which prints nine of the top ten magazines in the UK from the Radio Times to Woman's Own, left the Maxwell empire in January 1989 in a £235m management buy-out.

The inspiration for the possible flotation has come from the company's new chairman, Mr Brian Garraway, who retired recently as deputy chairman of BAT.

Timing would depend on market conditions as the printing industry starts to pull out of recession.

Mr Holloran said that if the company decided to go ahead with a float "the earliest would be towards the end of this year and it could roll into next year."

Last year BPCC had a turnover of £289m with an operating profit of £19.5m. After interest charges of £26m the company made a pre-tax loss of £5m.

Since the buy-out the BPCC chief executive says £94m has been invested in re-equipping printing plants and as a result a number of contracts lost to continental European printers have been regained.

Tax saving move gives boost to RMC shares

By Andrew Taylor, Construction Correspondent

THE SHARE price of RMC jumped by 5 per cent yesterday after the company announced that it was reorganising its German operations giving it substantial tax advantages.

Readymix Berlin, its 63.6 per cent controlled eastern German operations which previously has been classed as an associate, is to be merged with Readymix AG, its larger western German subsidiary.

The move, which will involve no cash cost to RMC, will allow the group to take much better advantage of accelerated tax depreciation incentives introduced to encourage capital investment in the former East German republic.

It will, however, increase group debt by £150m, raising gearing from 31 per cent to 45 per cent.

RMC said that Readymix Berlin would have generated insufficient profits for the group to take full benefit of the tax relief. This could now be set against earnings of the merged company, including profits from western German operations.

RMC's share price rose 34p to 675p following the announcement. Mr Derek Jenkins, finance director, said the group would achieve an immediate cash benefit of DM40m (£16.2m) which would not have to be paid against this year's tax bill.

Depreciation and accumulated tax losses amounting to DM100m would be available for relief against corporation tax on 1993 profits. This meant that big payments on account which would have been made this year will not now be necessary, said Mr Jenkins.

He said that the group in the next two to three years proposed to invest DM500m in its eastern German operations.

This investment would be eligible for tax relief provided it was spent before December 31, 1995. Mr Jenkins said earnings per share would improve as a result.

See Lex

Kingston Oil changes to recycling

By Tim Coone in Dublin

KINGSTON Oil & Gas is making a number of changes which will result it controlling a third of the waste fuel oil recycling market in the UK, DCC, a private Dublin-based company, becoming its largest single shareholder. It is also changing its name to Greenway Holdings.

It is selling Kingston Oil Corporation, its US oil and gas interests for $3m (£1.9m) cash to its management and buying BCS from Emo Oil, a 75 per cent owned subsidiary of DCC, for £2.8m, satisfied by the issue of 5.6m shares representing 29.9 per cent of the enlarged capital.

The company also announced 1992 pre-tax losses of £4.1m, compared with profits of £1.19m, after an exceptional charge this time of £4.49m relating to the write-down of the US interests less exchange gains on US intra-group indebtedness.

Turnover was £6.09m (£6.63m). Losses per share were 32.44p (earnings 9.01p). A final dividend is not being paid, leaving the total for the year at 1p (2.5p).

BCS, a waste oil reprocessor, will be merged with Orcol Fuels, Kingston's offshoot in the same business.

The US write-off will result in a deficit on reserves and the company is seeking court approval to reduce the group's share capital.

Dixon Motor will reverse into Plateau Mining

By Kenneth Gooding, Mining Correspondent

DIXON MOTOR Holdings, a Yorkshire-based, multi-franchised motor dealership group with 12 outlets, is coming to the Unlisted Securities Market by reversing into Plateau Mining, the former natural resources group which has been fighting a hostile bid.

Guinness Mahon, Plateau's adviser, said the enlarged company, which will change its name to Dixon Motors, will be valued at between £12m and £15m when dealings begin on May 25.

It calculated that the proposals are worth more than 6p a share to existing Plateau holders compared with last August's suspension price of 3p and the revised all-share offer from Kingstream Resources, a small Australian exploration company, of 5.18p.

Plateau was originally formed from most of the Robertson Group's mining interests and started trading in January 1990 at 90p.

Mr David Hickey of Guinness Mahon said Dixon made pre-tax profits of about £400,000 on a turnover of £45m in 1992. He said Dixon would have to wait a year for a full quote because, although it had existed for 20 years and had increased profits during the recession, technically it had only a two-year profits record since the acquisition of some assets from the receiver of Corton Beach, the mini-conglomerate.

Colin Beere

Paul Dixon (left), managing director of Dixon, with Donald Driver, Plateau's chairman: enlarged group worth £12m-£15m

Plateau will acquire Dixon for about £8.6m, to be satisfied by the issue of 8.2m new ordinary shares at 105p each. Another £3.5m of shares will be placed with institutional investors and £1.5m of the cash raised will go to 3i, which has been backing Dixon. The rest of the money will provide additional working capital. Dixon's other shareholders have agreed to retain their new shares for 12 months.

Plateau has already announced the sale of its remaining mineral interests to Delta Gold and the Delta shares acquired will be returned to existing Plateau shareholders.

Mr Hickey said shareholders representing about 70 per cent of Plateau were in favour of the Dixon deal but Kingstream's adviser, Ionian Corporate Finance, which has now posted details of the hostile offer to Plateau shareholders, said: "Our position remains the same. We have no intention of giving up."

Pearson interested in acquiring Star TV stake

By Raymond Snoddy

PEARSON, the publishing, banking and industrial group, is interested in buying a stake in Star TV, the Hong Kong-based satellite television company which broadcasts to 38 Asian countries.

The interest in Star, which is a 50-50 joint venture between Hutchison Whampoa and a company controlled by Mr Li Ka-shing, comes as Pearson finalises its £99m acquisition of Thames Television.

When Pearson, which owns the Financial Times, announced the purchase of Thames, the company added that it intended to expand in the international television market.

Mr Julian Mounter, the newly appointed chief executive of Star, has recently had talks with Pearson. However, it is by no means certain that the satellite company wants to take on new equity investors. It has also been talking to a wide range of television groups, including US networks, about possible collaboration.

However, Mr Mounter used to work at Thames Television and has had a close working relationship with Mr Richard Dunn, Thames' chief executive, for many years.

At the moment Star broadcasts five channels, covering sport, music, Chinese language, news and information and entertainment. The news channel is provided by BBC World Service Television 24-hours a day.

A second satellite is expected to be launched next year and the company is already talking about the possibility of using the latest digital compression technology to squeeze out as many as 180 channels.

Apart from the possibility of a stake in Star, two other projects with a Pearson involvement are being suggested.

One is to take UK Gold, the entertainment channel set up by Thames and the BBC – or a version of it – to Asia. Another is that Longmans, Pearson's educational publishing group, could be involved in an educational channel for broadcasting to Asia.

Mr Frank Barlow, managing director of Pearson, declined to comment last night.

Star TV is aimed at the most affluent 5 per cent of its potential market from the Middle East to Japan.

Independent market research published in February found that 11.36m households, or more than 45m viewers, could receive its broadcasts, which are funded by advertising. According to the research, undertaken in 10 countries, the largest audience is in China, with 4.8m households, but India has 3.3m and Taiwan 1.98m.

Clark chairman rebuts dissidents' circular

By Maggie Urry

THE CHAIRMAN of C&J Clark, the privately-owned shoe group facing a proposed £184m bid from Berisford International, has written to shareholders with a point-by-point rebuttal of a circular from a group of shareholders opposed to the sale.

Mr Walter Dickson, chairman, and six other directors of Clark have recommended the offer to shareholders. The entire board of 11 has said the terms are fair and reasonable, but three directors have advised shareholders not to accept.

The dissident group, known by the acronym Shoes, wrote to shareholders on Wednesday saying the offer failed to reflect Clark's future potential, and attacking the board over its role in the bid being made.

Shoes' letter put forward an alternative board structure – which it said would end the disputes between family shareholders which have plagued Clark for years – and supported a flotation of Clark within five years.

Mr Dickson said "there is no certainty in Shoes' proposals". He said a two-tier board, suggested by Shoes, was "virtually unknown in this country" and Clark had been advised not to adopt it. The proposals "cannot disguise the deep rooted differences of opinion which have disrupted your company over the years".

He said the suggestion of a flotation was "uncertain as to value, as to deliverability and as to timing".

Mr Dickson also said that the price negotiated with Berisford "takes into account Clark's recovery plans". Shoes argued that the price was low because Clark is expecting a profit recovery.

Directors of Clark and Berisford have addressed meetings of Clark shareholders in London and Somerset in recent days. The issue of selling to Berisford will be put to an extraordinary meeting next Friday, May 7.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
70	F.P.	-	216	193	David Brown	215	+1	W8.0	2.4	3.5	16.2
100	F.P.	-	105	100	Fleming Emerg Mkts	105		-	-	-	-
-	F.P.	-	¾	½	§Gaelic Res. Wts.	¾		-	-	-	-
138	F.P.	-	150	142	Hambros Ins Service	148	-1	R5.2	2.0	4.4	14.2
195	F.P.	-	216	195	Holliday Chemical	214		W3.7	2.9	2.2	19.7
-	F.P.	-	40	21	Oriental Smlr Co's Wts	40		-	-	-	-
380	F.P.	-	538	385	Quality Software Prods	491		-	-	-	23.9
135	F.P.	-	165	150	Regent Inns	151		b4.5	1.6	3.7	15.1
112	F.P.	-	127	112	Stagecoach	125		R3.8	1.7	3.8	16.0
280	F.P.	-	295	280	Westminster H'care	287		W3.75	3.7	1.6	18.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100	F.P.	-	104½	101	Central Independent 6½pc Cv. 2008	104½	+⅛
100	F.P.	-	106¼	104½	Inchcape 6¾pc Cv 2005	108¼	+⅛
100	F.P.	-	125½	122½	Tops Estates 7½pc Cv. Uns Ln. 2020	125½	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
175	Nil	4/6	24pm	23pm	AAF	23pm	
560	Nil	8/6	120pm	110pm	Atlas Cnvrtg Eqpmt	111pm	
63	Nil	13/5	27pm	19pm	Avesco	20pm	
265	Nil	6/5	70pm	61pm	Bemrose	62pm	-4
58	Nil	3/6	7pm	6pm	‡Bensons Crisps	6pm	-1
23	Nil	7/5	2½pm	1pm	Channel Holdings	1pm	
340	Nil	14/5	24pm	20pm	EIS	20pm	
200	Nil	6/5	20pm	10pm	Harris (P)	10pm	
92	Nil	7/6	30pm	28pm	Headlam	29pm	
185	Nil	7/6	24pm	11pm	Hunting	15pm	+4
36	Nil	7/5	16pm	9pm	Mayflower Corp.	15pm	
290	Nil	10/6	54pm	42½pm	Meyer Intl.	45pm	
2	Nil	3/6	¾pm	½pm	‡Millwall	½pm	
60	Nil	11/6	3pm	3pm	Newmark (Louis)	3pm	
150	Nil	28/5	24½pm	13½pm	Slough Estates	19pm	+2
5	Nil	17/5	1¼pm	¾pm	Sycamore	¾pm	
33	Nil	11/6	4pm	2pm	‡Unimeco	2½pm	
Ir265	Nil	3/6	40pm	25pm	Unidare	40pm	

b Figures based on prospectus estimates. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Apr. 26
- Last Dealings May 7
- Last Declarations July 29
- For settlement Aug. 9

Calls in Enterprise Computer, Ferranti, Greycoat, Hanson warrants, Kewill Systems, Medeva, Ryan Hotels, Tadpole Tech., Wassall, Waverley Mining and WPP. Put in TI Grp. Double in Ratners.

MONTHLY AVERAGES OF STOCK INDICES

	April	March	February	January
FT-SE Actuaries Indices				
100 Index	2837.5	2897.1	2840.2	2790.3
Mid 250	3105.8	3110.1	3025.3	2912.1
350 Share	1409.4	1432.9	1402.4	1371.7
Industrial Group	1432.70	1465.76	1440.31	1425.47
500 Share	1522.32	1552.97	1522.74	1496.94
Financial Group	990.45	982.79	948.61	895.10
All-Share	1393.70	1415.40	1385.0	1351.60
Eurotrack 100	1152.22	1150.60	1121.55	1082.36
Eurotrack 200	1216.21	1217.68	1179.34	1158.79
FT Indices				
Government Securities	96.27	97.19	95.77	93.88
Fixed Interest	112.21	112.87	111.41	109.20
Ordinary	2213.2	2252.8	2195.2	2161.9
Gold Mines	126.4	99.7	88.7	63.1
SEAQ Bargains(4.45pm)	30,702	38,564	32,641	31,636

	Highest Close April	Lowest Close April
FT-SE 100	2881.1 (22nd)	2786.8 (29th)
FT-SE Mid 250	3136.2 (23rd)	3074.4 (19th)
FT-SE 350	1429.3 (22nd)	1390.3 (29th)
FT-A All Share	1412.88 (22nd)	1377.21 (29th)
Ordinary	2262.2 (22nd)	2180.8 (8th)

Ptarmigan takes a further step up the road to engineering

By Andrew Bolger

PTARMIGAN HOLDINGS made further moves towards becoming an engineering company by announcing an £8m acquisition funded by a rights issue, a change of name and capital restructuring.

Ptarmigan, which is to be renamed Graystone, has agreed to buy a company called Cableform, plus its US subsidiary, from FKI, the electrical engineering group. The deal will be funded by a 14-for-3 rights issue of up to 68.48m new shares at 8p each, which is being underwritten by Chemical Investment Bank.

Shares in Ptarmigan were suspended on Wednesday at 10p, and dealing is expected to resume on May 25.

Ptarmigan is in the process of disposing of its original businesses – making sausage casings, artificial flowers and ribbons, publishing cookery and crafts books and running three small country hotels.

Mr Dick Richardson, who became chairman and chief executive in June, said the acquisition of Cableform marked a significant step forward in implementing his strategy of identifying and acquiring specialist engineering companies operating in niche markets.

In November Ptarmigan bought three engineering companies from Prospect Industries. Ptarmigan said that as a result of these acquisitions, it viewed the prospects for the group with increased optimism.

FKI Cableform, based in West Yorkshire, makes numbering machines, lighting products and electrical controls. It employs 257 people in the UK, 21 in the US and 3 in Germany. In the year to March 31 it made operating profits of £1.3m on sales of £9.8m. FKI said the disposal was part of its policy of focusing on core businesses.

FKI will receive £5m in cash, £2m nominal of loan stock and 12.5m new Graystone shares. The proceeds of the rights issue will pay the cash element. Joint stockbrokers to the issue are Henry Cooke Lumsden and Peel, Hunt & Co.

Ptarmigan yesterday also reported that it has reduced pre-tax losses in the six months to December 31 from £127,00 to £104,000 on sales of £2.5m (£2.1m). Operating profit rose from £6,000 to £170,000, but this was offset by an increase in interest payment to £226,000 (£110,000).

Mr Richardson said: "The group is now trading profitably and the trading conditions for all our companies are showing signs of improvement. This, together with recent reductions in interest rates, should result in improved performance."

McCarthy & Stone trims loss to £6.1m

By Andrew Taylor, Construction Correspondent

MCCARTHY & Stone, Britain's biggest builder of sheltered housing for elderly, yesterday announced a reduced loss of £6.1m for the six months to the end of February, against £6.9m.

The interim dividend is being passed as was last year's final after an interim payment of 0.5p. Losses per share fell from 11.1p to 9.9p.

Mr John McCarthy, chairman, said it was a creditable performance given the recent difficulties in the housing market.

Turnover fell from £27.2m to £25.7m despite a 16 per cent increase in the number of homes sold in the UK. Mr McCarthy said that the underlying increase was a little more than 3 per cent if a "one-off" bulk sale of 41 units was excluded.

The average price of a retirement flat had fallen from £68,500 to £61,100. As a result the UK made an operating loss of £500,000 compared to break even a year ago.

Losses in France increased from £300,000 to £400,000. Mr McCarthy said the group was "looking to liquidate its overseas net operating assets of £14.4m as quickly as possible for re-investment in the UK".

The group, which has renegotiated its financing arrangements with its bankers until November next year, had net borrowings of £69.1m only marginally less than the £69.2m of a year earlier and compared with shareholders funds of £72.1m.

The group said borrowings would have been less but for the adverse effect of exchange rates on £3.4m of overseas debt and fees of £2.9m payable on the renewal of bank facilities and lease finance.

● **COMMENT**

McCarthy & Stone's share price, which slipped a further 1½p to 31p yesterday, has languished while other builders have bounced on prospects of a UK housing market recovery. The shares have underperformed the FT Actuaries construction index by more than 50 per cent since the end of April last year. The arguments against the shares are that recovery in sheltered housing is likely to lag the traditional housing market. In addition gearing is very high and could constrain the group when sales do pick up. Losses this year are likely to be more than £7m, with the possibility of another small loss next year. It may be a buy at some stage, but not yet given the the size of borrowings and the risks in the sector.

Fairbriar suffers £8.37m deficit for 9 months

FAIRBRIAR, the property development and housebuilding company, reported pre-tax losses of £8.37m for the nine months to December 31, against £13.4m for the previous 12 months.

During the period the company was in administration and the figures include exceptional costs of £1.48m (£1.29m) relating to professional fees and reconstruction, which was agreed in January this year.

There was only limited trading, mainly concerning residential housing. Turnover was £5.08m (£8.52m). Interest costs were £7.21m (£13.2m).

Losses per share worked through at 21.93p (35.26p).

The company said that in line with the general improvement in the residential market it had seen an upturn in sales in the first quarter. Fairbriar is concentrating on the residential side of its business.

NEWS DIGEST

Richards declines to £53,000

PRE-TAX profits of Richards Group, the specialist engineer, fell by £969,000 to £53,000 in the year to December 31.

Turnover dropped from £13.1m to £11.3m.

The company said the recession had continued to place a heavy burden on the group's performance and in the second half of the year trading losses could not be avoided.

However, notwithstanding the profits fall, the directors were confident that prospects for 1993 were brighter and were recommending a same again final dividend of 2.75p, maintaining the total at 4.4p.

The dividend is uncovered by earnings per share of 1.03p (9.18p).

The shares put on 8p to 68p.

PCT shows 20% increase to £1.4m

Pre-tax profits of PCT Group showed a 20 per cent improvement, from £1.17m to £1.4m, in the year to end-December. Turnover grew from £17.9m to £20.5m.

The USM-quoted group, which has interests in the marketing, hire and development of power tools and lifting and welding equipment, said the advance had been achieved against a background of continuing economic uncertainty.

A final dividend of 4.75p (4.5p) makes a 7.25p (7p) total.

Clayton Son losses accelerate

Shares of Clayton Son & Co (Holdings), the Leeds-based engineer, fell 13p to 70p yesterday on news that losses had accelerated from £490,626 to £1.11m pre-tax for the year to end-December.

The interim dividend was omitted and the final is also being passed – shareholders received a single 3p payment for 1991.

The deficit took account of a rise in interest payable to £432,478 (£296,713) and exceptional costs of £411,180 (£49,629).

Turnover fell to £16.62m (£19.68m). Losses per share emerged at 38.64p (8.89p).

Sheafbank incurs £191,000 loss

Sheafbank Property Trust, the property investment and financial services company, ran up a loss of £191,115 at the pre-tax level for the six months to the end of December 1992.

That compared with profits of £19,261 for the six months to September 30 1991. The company's year-end has been changed to June 30. For the 15 months to June 30 1991 losses amounted to £333,656.

Turnover for the half year totalled £343,045 (£284,003). Losses per share emerged at 1.29p, against 0.04p for the six month period and 1.58p for the 15 months.

The interim dividend is being omitted – 0.1p was paid for the half year to end-September 1991 followed by a final of 0.1p.

Downiebrae halved to £201,967

Pre-tax profits halved from £422,968 to £201,967 at Downiebrae Holdings, the engineering group, in 1992.

Turnover edged ahead to £1.6m (£1.56m).

Earnings per share slipped to 0.85p (1.93p) but an unchanged dividend of 0.5p is proposed. The shares fell 3p to 68p.

Estates & Agency lower at £416,000

Pre-tax profits for Estates & Agency Holdings, the property company, fell from £437,000 to £416,000 in the six months to December 31. However a nil tax charge, against £100,000, left earnings per share at 6.89p, compared with 4.26p.

The company is awaiting the outcome of an appeal against a planning decision before making a recommendation on the final dividend for the previous year when a second interim of 0.5p was paid. A nominal interim of 0.5p is being paid for the period under review.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Ashley Group ......fin	nil	-	1.2	0.75‡	1.85
Downiebrae ......fin	0.5	July 1	0.5	0.5	0.5
Estates & Agency ......int	0.5	June 1	2.5	-	3
Kingston Oil ......fin	nil	-	1.5	1	2.5
McCarthy & Stone ......int	nil	-	0.5	-	0.5
PCT Group ......fin	4.75	July 9	4.5	7.25	7
Richards Group ......fin	2.75	June 15	2.75	4.4	4.4
Sheafbank ......int	nil	-	0.1	-	0.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡For 16 months.

Institutions take 30.4% stake after ADM pulls out

Dublin sells remaining Greencore holding

By Tim Coone in Dublin

THE IRISH government has disposed of its remaining 30.4 per cent in Greencore, the sugar, malting and milling group, to institutional investors for a total of I£70m (£68m) after ADM, the US food company, pulled out of talks to buy the stake.

The deal valued the 25.4m shares at 275p each, a discount of about 7 per cent on recent trading levels.

The government said yesterday that ADM "decided not to continue further with the discussions due to their long duration and public nature".

News of ADM's interest leaked last February, pushing the shares above what was believed to be ADM's offer of 260p.

Greencore's management had encouraged ADM to make a bid as part of the company's strategic development plan aimed at using ADM's financial and marketing muscle to expand into the European market.

Domestic political pressure, however, forced Mr Bertie Ahern, the finance minister, to put the government's shares out to tender with the intention of finding an Irish buyer.

No other offers came forward, however, after the Greencore board made it clear that they favoured ADM.

Mr Gerry Murphy, Greencore's chief executive, said yesterday: "We are pleased at the successful placing of the government's holding which removes the market overhang of our shares."

Asked if he felt that the sale had been badly handled he said: "It has to be said one can only be disappointed. This has gone on so long and a lot of effort was put in.

"But we have an excellent working relationship with ADM and all our options are still open and we can still work with them in joint ventures as long as it makes commercial sense for both companies".

Mr Ahern acknowledged that "ADM went away because of the public controversy".

He attacked what he called "the politics of the negative left", referring to opposition politicians who had objected to the sale to an overseas company. Objections had also come from the Labour Party within the government coalition.

Following the failure of the public tender, Mr Ahern said: "What I was not prepared to do was to let ADM walk away and then allow the overhang to remain. Greencore has excellent strategic plans and ADM were part of those.

"I would hope that Gerry Murphy and his colleagues will continue to look for partnerships, maybe with ADM or others that is for them to decide, but they will certainly have my full support."

The government continues to hold a "golden share", which is intended to prevent Ireland's sugar quota within the EC being transferred to another company outside Ireland, which would threaten the livelihoods of thousands of farmers who supply Greencore with sugar beet.

Midlands Electricity splits top roles

By Deborah Hargreaves

MIDLANDS Electricity has split the top position at the company and appointed Mr Mike Hughes chief executive from today.

Mr Bryan Townsend remains chairman but Mr Richard Young, who was formerly managing director, has left the company. Mr Hughes was formerly executive director with responsibility for engineering.

Mr Townsend said: "Our primary focus remains on our core business and our overall strategy of developing as an energy company must be continued."

Mr Hughes could have a difference of emphasis, however. He has been known to be critical of the company's expansion into retail outlets and may try to shift the focus away from non-core activities.

Mr Young had been managing director since 1990 and is believed to have felt slightly frustrated at the hands-on approach of the company's chairman which limited his own influence.

Mr Matthew Siebert, electricity analyst at Hoare Govett, said: "We could start to see more movement amongst the management of the privatised electricity companies . . . There are certain key decisions that need to be taken ahead of the regulatory review, on pay bargaining and non-core investment that could start to differentiate between managements."

Spanish food side leaves Ashley Grp £13.8m in loss

By Roland Rudd

ASHLEY GROUP incurred a pre-tax loss of £13.8m for the 16 months to December 31 after an exceptional £5.9m relating to the disposal of its loss-making Spanish food retailing business, Digsa.

The loss compared with a pre-tax profit of £13.7m in the 12 months to August 31 1991.

Mr James White, chairman, said the group's exposure to the Spanish food retailing business had not proved a happy one. Digsa reported operating losses of £5m on sales of £516m.

Mr White said the group acquired the Spanish business when Mr Tony Butler, who had experience of UK retailing, had been chief executive. The decision to expand into Barcelona had proved "an unmitigated disaster". He added that the downturn in Spain, which was reported in November, had accelerated.

Digsa is being acquired by Parafax, a Hong Kong-based company established to acquire retail businesses.

Parafax is paying a deferred consideration of £20m, together with the transfer of Digsa's net debt which has averaged £33m in the last three months.

After six months from completion it will start to pay four instalments of £5m.

In anticipation of the sale, which has to be approved by shareholders at an extraordinary meeting on May 7, an extraordinary provision of £3.8m has been made for the expected loss on disposal.

This is a transfer of £43.4m of goodwill previously written off against reserves.

Interest charges were £7.27m, largely resulting from the levels of borrowing in Spain at high interest rates. In the previous year interest charged was £1.4m. If the Digsa sale goes ahead the group will be left with gearing of 52 per cent, representing net debt of £12m.

Distribution of window blinds reported profits of £5.6m (£6.7m) on turnover of £47m (£30m) while the group's plywood and timber activities contributed £200,000 (£286,000) on sales of £1.55m (£1.87m).

There is no final dividend. Two interim dividends of 0.375p each were paid during the year. Losses per share were 11.6p (7.5p earnings).

Scot Mortgage net assets above £1bn mark

The Scottish Mortgage and Trust saw net asset value increase 27 per cent from 173.7p to 220.3p over the 12 months to March 31.

At the end of the period total assets exceeded £1bn for the first time.

Net revenue totalled £13.9m (£15.3m) for earnings per share of 3.85p (4.25p). The proposed final dividend is 2.65p making a total of 4p, compared with 3.9p.

WEEK IN THE MARKETS

Gold leads precious metals surge

GOLD MADE further progress towards restoring its tarnished image this week and dragged other precious metals up with it.

The London bullion market added $12 to last week's $5.30 gain in reaching a nine-month peak of $356.20 a troy ounce on Thursday. That was trimmed back to $355.75 an ounce at yesterday's close but traders were not dismayed; some attributed the selling to operators who had come late into the rally, others to Australian producers attracted by the relatively remunerative prices now available in terms of their national currency.

The latest upsurge in the gold price has somewhat dubious origins, however, being the result of a concerted effort by some high-profile international financiers.

It was revealed last weekend that Mr George Soros, the speculator who netted $1bn last September by betting against sterling and the Italian Lira, had bought $400m-worth of shares in Newmont Mining, the biggest North American gold producer. The shares were bought from Lord Rothschild, the UK investor, and from aptly-named international wheeler-dealer Sir James Goldsmith. The latter revealed at the same time, moreover, that he had used the cash to purchase more than $300m of options to by gold bullion in the London and New York markets.

The combined news "had gold bugs coming out of the woodwork left, right and centre", commented one trader after Monday's $7.35-an-ounce price surge.

Successive bouts of profit-taking later in the week did not dent the market's new-found bullish sentiment and many traders were still talking of a near-term upside target of $360 an ounce.

Gold's buoyancy spilled over into other precious metals markets, with platinum ending the week $15 to the good at $386.50 an ounce and silver up 39 US cents at 435.5 cents an ounce, a 21-month high. The silver market remained more nervous than gold, traders noted, with wide price swings possible.

Palladium, platinum's sister metal, had been the star performer of the precious metals market last week as its established upward price trend was underpinned by the announcement of a planned cut in Russian output. But it hung behind the others this time. Nevertheless yesterday's morning fixing of $119.50 an ounce was the highest for nearly three years; the afternoon fixing was 15 cents lower but still $1.60 up on the week.

At the London Metal Exchange the copper market began with an attempt to consolidate following the heavy falls of the preceding three weeks. The line was held initially, as talk of labour disruptions resulting from Chilean and US labour contract negotiations helped to narrow forward premiums, but options-related and Chinese selling had re-established the downward trend by mid-week. However, a rally yesterday saw the three months price closing at £1,209 a tonne, up £12.75 on the day and £1 overall.

By way of contrast, nickel market traders set out on Monday to build on last week's rally. But the upward move quickly ran into overhead resistance. The three months price peaked after adding $62.50 to last week's $235-a-tonne advance and closed yesterday at $6,005 a tonne, $167.50 down on the week. The announcement of LME warehouse stocks rises totalling 2,460 tonnes did not help the metal's cause.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+6,675	to 1,761,500
Copper	+3,950	to 392,325
Lead	+1,400	to 249,500
Nickel	+1,512	to 69,910
Zinc	+15,125	to 636,600
Tin	-195	to 20,350

Lack of buying interest continued to weigh down the lead market and the LME three months contract closed yesterday with a £7.25 loss on the week at a fresh 6¼-year low of £271.50 a tonne. But aluminium was firmer, reflecting trade and commission house buying encouraged by rumours of further output cuts. The three months quotation gained $21 on the week at $1,115 a tonne in spite of running into overhead resistance yesterday.

A chart-based rally in the London Futures and Options Exchange (Fox) robusta coffee market was interrupted on Thursday when selling was prompted by Brazil's announcement that it would sell 600,000 bags (60 kg each) from its stockpile. Traders were sceptical about the announcement, however, as there was no indication of when the sale would take place or at what price, and the upward trend was reinstated yesterday.

The renewed strength, which saw the July futures price rise to $915 at one time, was sparked by a technically-inspired overnight surge in the New York arabica market. But although the New York prices were holding their gains in late trading yesterday the London market once more found it difficult to move decisively above the psychologically-significant $900-a-tonne mark for the July contract, which closed at $903 a tonne, up $27 on the week.

New York raw sugar futures edged further ahead, though there was no repeat of last week's surge. In late trading yesterday the July contract was quoted at 12.90 US cents a lb, up 0.09 from the end of last week.

There was little response to news that F.O. Licht, the German sugar statistics agency, had cut its forecast of the 1992-93 world crop to 113.01m tonnes from its January figure of 114.88m tonnes. Licht also reduced its 1991-92 crop estimate by 290,000 tonnes to 115.88m tonnes.

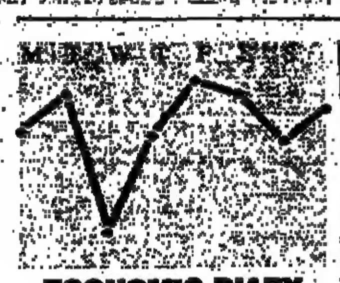
● London ceased to be a raw sugar futures trading centre yesterday with the expiry at 11:22 GMT of the May contract, the last remaining quoted month on London Fox's No 6 contract. Fox announced on April 13 that it was suspending trading in the No 6 contract because of declining interest.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Fri Apr 30	Day's change %	Thu Apr 29	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	127.18	+0.19	126.94	1.95	3.82
2	5-15 years (24)	145.31	+0.19	145.04	1.55	5.22
3	Over 15 years (8)	155.91	+0.19	155.62	2.57	3.10
4	Irredeemables (6)	174.02	+0.32	173.47	0.00	6.12
5	All stocks (61)	142.17	+0.19	141.90	1.85	4.43
	Index-Linked					
6	Up to 5 years (3)	182.95	+0.04	182.88	0.34	1.92
7	Over 5 years (11)	171.81	+0.12	171.60	0.79	1.72
8	All stocks (14)	172.18	+0.11	171.99	0.73	1.75
9	Debs & Loans (65)	126.19	-0.11	126.33	2.14	3.81

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 30	Thu Apr 29	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	7.17	7.22	8.30	7.22	29/4	6.33	18/2
2	Coupons	15 years	8.06	8.10	9.02	8.37	12/1	7.54	18/3
3	(0%-7¾%)	20 years	8.30	8.31	9.02	8.64	20/1	7.83	8/3
4	Medium	5 years	7.46	7.49	9.26	7.56	11/1	6.73	15/3
5	Coupons	15 years	8.46	8.49	9.05	8.83	19/1	8.05	8/3
6	(8%-10¾%)	20 years	8.60	8.60	9.03	9.06	20/1	8.22	13/4
7	High	5 years	7.67	7.71	9.47	7.78	11/1	6.89	8/3
8	Coupons	15 years	8.76	8.78	9.18	9.11	20/1	8.27	8/3
9	(11%-)	20 years	8.80	8.83	9.13	9.20	20/1	8.36	8/3
10	Irredeemables(Flat Yield)		8.64	8.66	9.25	9.05	20/1	8.29	13/4
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.69	2.68	3.57	2.78	13/1	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.57	3.57	4.46	3.88	14/1	3.35	18/3
13	Inflation rate 10%	Up to 5 yrs.	1.86	1.83	3.28	2.00	13/1	0.62	12/2
14	Inflation rate 10%	Over 5 yrs.	3.39	3.39	4.28	3.72	14/1	3.19	18/3
15	Debs &	5 years	9.09	9.08	10.64	8.97	4/1	8.41	18/3
16	Loans	15 years	9.57	9.56	10.44	9.94	19/1	9.14	10/3
17		25 years	9.74	9.72	10.31	10.10	18/1	9.38	10/3



ECONOMIC DIARY

TODAY: Romanian government to remove remaining communist-era price subsidies on basic foodstuffs and services. ANC leader Nelson Mandela visits Lisbon (until May 4). Demonstrations against unemployment called by Madrid's unions. ANC alliance due to start month-long campaign in South Africa to speed up negotiations for end to white minority rule.

TOMORROW: Congo holds parliamentary elections (next round of voting on May 23). Dalai Lama visits Britain (until May 15).

MONDAY: Meeting of EC labour ministers in Nyborg, Denmark (until May 4). World Health Organisation opens week-long annual meeting at which 183 member states adopt budget and vote on executive-board nomination.

TUESDAY: Lord Justice Scott expected to start hearings in arms-for-Iraq inquiry. Assessing the first 100 days of the Clinton presidency, at the John F. Kennedy presidential Library in Boston, Massachusetts. French Prime Minister Edouard Balladur visits London. Irish President Mary Robinson starts four-day official visit to Madrid. Trial begins in Sofia against former senior communist officials for setting up Soviet-style labour camps. Queen and Duke of Edinburgh begin state visit to Hungary (until May 7). AGM of Courtaulds Textiles.

WEDNESDAY: UK official reserves (April). Nelson Mandela arrives in Britain for talks with PM. National strike planned in Bucharest by Romanian trade unions seeking price curbs and higher wages. Official visit by Russian Foreign Minister Andre Kosyrev to Brasilia to discuss trade issues (until May 6). First quarter result from BAT Industries.

THURSDAY: Cyclical indicators for UK economy (April) Mortgage lending (first quarter). Monetary statistics. Informal Meeting of EC Ministers of Justice (until May 7). First round Senegal parliamentary elections. AGM of Coats Viyella. AGM of Standard Chartered.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Oct	Jan	Puts Jul	Oct	Jan
Allied Lyons	550	40	53	62	20	27	37
(*575)	600	16	31	39	51	57	64
ASDA	67	8	12	-	4	7½	-
(*71)	78	4½	8	-	10	12½	-
Brit. Airways	280	20	28	33	16	21	28
(*281)	300	10½	19	24	28	32	37
Smith Bchm A							
(*475)	460	40	54	65	22	32	40
	500	20	34	47	45	54	65
Boots	420	46	56	60	9	15	20
(*451)	460	21	35	37	24	34	38
B.P.	280	23	29	35	9½	15	18
(*292)	300	12	18	26	20	25	28
British Steel	90	9	13½	15½	6½	9½	12
(*93)	100	5	8½	11	13	16	17½
Bass	500	50	62	71	10	17	28
(*542)	550	21	34	42	32	40	52
C & Wire	650	62	72	72	16	24	32
(*692)	700	30	42	58	39	50	57
Courtaulds	550	28	43	52	26	38	43
(*557)	600	8	22½	31½	61½	67½	73
Com. Union	550	28	43	73	20	36	-
(*590)	600	9	22½	47	61	67	-
GKN	460	37	44	-	12	22	-
(*481)	500	16	22	-	32	43	-
I.C.I.	1250	90	107	130	36	63	72
(*1289)	1300	63	82	103	56	88	98
Kingfisher	600	9	22½	58	61½	77	48
(*601)	700	3	5	17	112	117	120
Land Secur	500	29	35	40	14	20	25
(*524)	550	5	14	18	52	61	55
M & S	330	25	34	40	10	18	19
(*345)	360	10	19	24	27	32	35
Sainsbury	460	26	36	47	25	29	37
(*488)	500	11	21	30	52	57	60
Shell Trans.	550	26	34	42	18	27	31
(*554)	600	8	14	21	50	48	62
Storehouse	200	19	27	32	14	18	22
(*206)	220	10	17	22	25	30	34
Trafalgar	90	8	13	13	6	8	14
(*90)	100	5	8	10	13	16	21
Unilever	1050	66	90	104	20	29	37
(*1081)	1100	38	60	75	42	51	58
Option		Jul	Oct	Dec	Jul	Oct	Dec
Fisons	160	20	24	26	12	21	20
(*169)	180	9	17	19	27	33	39
Option		Jul	Oct	Feb	Jul	Oct	Feb
LCL	390	33	42	52	12	18	25
(*410)	420	18	28	36	28	33	40
Ladbroke	160	17	23	28	11	20	23
(*163)	180	9	14	19	23	32	35
Utd. Biscuits	420	32	42	49	28	33	38
(*423)	460	17	25	30	40	57	60

Option		Calls May	Aug	Nov	Puts May	Aug	Nov
Brit Aero	300	24	43	55	7	22	34
(*319)	330	8½	27	41	23	38	48
BAA	750	18	37	53	13	32	43
(*755)	800	2	15	31	50	65	72
BAT Inds	850	23	53	60	18	36	58
(*854)	900	7	32	48	52	67	88
BTR	600	11	30	40	12	23	36
(*600)	650	2	11	21	55	57	65
Brit. Telecom	390	18	29	35	3½	15½	20½
(*404)	420	3½	12½	20	19½	32½	36½
Cadbury Sch	460	13	20	38	9	20	23
(*461)	500	2½	12	22	42	46	51
Eastern Elec	460	14	26	36	8½	27	34
(*468)	500	2½	10	18	36	55	60
Guinness	480	25	40	54	8	15	24
(*480)	500	5	20	33	27	37	44
GEC	300	19	25	29	2½	11	14½
(*316)	330	2½	9	14½	18	27	31
Hanson	220	14	18½	23	1½	7	10½
(*231)	240	2½	8	13½	11	17½	22
LASMO	140	16	25	31	2½	8	13
(*152)	160	5½	15	22	13	19	27
Lucas Inds	130	9	16	21	4	8	16
(*136)	140	3½	11	17	8½	14½	21
P. & O.	580	25	46	55	8	22	41
(*594)	600	5	22	34	39	51	70
Pilkington	130	7½	12	17	4	9½	14
(*134)	140	3	8	12	10	16	19
Prudential	300	21	30	36	2½	7	14
(*318)	330	4	14	20	15	21	28
R.T.Z.	650	18	42½	56½	12½	31	42
(*650)	700	3	26½	34	52	61	72½
Scot. & New	460	15	27	36	7	26	33
(*465)	500	2	11	19	36	52	56
Tesco	220	8	17	25	8	14	17
(*221)	240	2	8½	17	22	25	28
Thames Wtr	500	14	23	31	7	27	32
(*506)	550	1½	5½	13	47	64	67
Vodafone	360	21	32	44	3½	14½	21
(*376)	390	5	17	29	18	31	37
Option		Jun	Sep	Dec	Jun	Sep	Dec
Abbey Nat.	360	31	40	46	5	13	18
(*364)	390	13	23	32	16	26	31
Amstrad	30	6	8	9	1½	2½	3½
(*34)	35	3	5	6½	3½	5	5½
Barclays	420	24	32	47	12	26	29
(*430)	460	7	16	28	37	46	52
Blue Circle	240	21	32	38	7½	14	18
(*253)	260	11	21	29	18	25	28
British Gas	300	9½	17	22	12	16	23
(*305)	330	2	6½	11	36	37	43
Dixons	200	23	28	35	7	15	19
(*216)	220	11	19	25	16	25	31
Eurotunnel	390	47½	66	80	12	26	34½
(*419)	420	28	48	65	23	39½	51

Option		Calls Jun	Sep	Dec	Puts Jun	Sep	Dec
Glaxo	550	53	85	92	12	27	43
(*586)	600	22	57	68	32	49	68
Hillsdown	140	22	27	31	3	8	10
(*156)	160	8	16	20	11	16	20
Lonrho	90	12	16	19	3½	7½	11
(*98)	100	6	10½	14	8½	12	15
HSBC 75p shs							
(*596)	550	60	79	91	10	26	33
	600	28	51	65	30	47	58
Nat Power	300	29	39	47	4	8	13
(*324)	330	11	21	29	15	20	25
Reuters	1250	58	97	136	32	60	77
(*1258)	1300	31	74	110	59	84	105
R. Royce	130	9½	15½	19	8	11	16
(*133)	140	6	11	15	13	17	21
Scot Power	290	24	29	32	3	9	12
(*308)	310	11	16	20	9½	18½	22
Sears	100	6	9	13	4½	8	11
(*104)	110	2½	6	8	13	15	17
Forte	180	19	26	31	6	11	15
(*191)	200	7½	15	21	16	21	24
Thorn EMI	800	62	74	88	7½	27	38
(*846)	850	29	43	57	26	52	59
TSB	180	11	17	21	8	16	19
(*182)	200	4	9	14	22	28	31
Vaal Reefs	50	11	13	14	4½	4	8
(*$56)	60	6	8½	9½	9	9	11
Wellcome	700	58	82	100	20	38	55
(*736)	750	29	56	72	48	68	80

EURO FT-SE INDEX (*2813)

	2775	2825	2875	2925	2975	3025	3075	3125
CALLS								
May	61	30	14	5	2	1½	1	½
Jun	85	58	32	20	11	8	3	2½
Jul	-	77	-	36	-	16	-	7
Sep	-	113	-	67	-	37	-	20
Dec †	-	170	-	120	-	75	-	52
PUTS								
May	23	46	76	117	162	212	260	310
Jun	41	60	90	124	164	209	260	308
Jul	-	76	-	135	-	212	-	300
Sep	-	98	-	150	-	216	-	300
Dec †	-	130	-	178	-	235	-	305

FT-SE INDEX (*2813)

	2750	2800	2850	2900	2950	3000	3050	3100
CALLS								
May	80	44	19½	8	2½	1	1	½
Jun	100	68	43	25	14	8	3½	2½
Jul	122	91	65	44	29	17	11	7
Aug	140	110	83	61	46	31	22	15
Dec †	-	183	-	130	-	90	-	60
PUTS								
May	13	28	57	97	145	195	245	295
Jun	32	50	76	111	151	196	245	295
Jul	48	66	90	123	168	198	245	295
Aug	59	80	101	130	165	204	248	296
Dec †	-	125	-	172	-	236	-	310

April 30 Total Contracts 28,498
Calls 13,187 Puts 13,301
FT-SE Index Calls 3,618 Puts 3,047
Euro FT-SE Calls 676 Puts 1,772
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

	p		p		p		p		p
■ INDUSTRIALS		Cadburys	36	HSBC (75p shs)	38	Ratners	3	Brit Land	7
Allied-Lyons	50	Charter Cons.	52	Hanson	20	Reed Intl	52	Land Sec.	40
Amstrad	3½	Comm Union	52	ICI	75	Sears	9	MEPC	30
Astec (BSR)	3½	Courtaulds	48	Ladbroke	15	SmKl Bchm A	40	■ OILS	
BAT Inds	75	Eurotunnel	30	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	56	FKI	12	Lex Service	18	TSB	12	Aviva Pet	5
BTR	41	FNFC	7	Lloyds Bank	45	Tesco	20	BP	21
Barclays	30	Forte	14	Lonrho	7	Thorn EMI	70	Burmah Castrol	60
Blue Circle	22	GKN	40	Lucas Inds	13	Tomkins	22	Premier Cons	3
Boots	42	Gen Accident	31	Marks Spencer	25	T & N	15	Shell	36
Bowater	40	GEC	22	NatWest Bank	30	Unilever	72	■ MINES	
Brit Aerospace	24	Glaxo	55	P & O Dfd	40	Vickers	9	RTZ	52
British Steel	6	Grand Met	40	Racal Elect	12	Wellcome	75		
Brit Telecom	26	GRE	15	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	April 30	April 29	April 28	April 27	April 26	Year ago	*High	*Low
Govt Secs (UK)	94.70	94.59	95.42	95.77	95.52	88.57	98.04	93.28
Fixed Interest	110.74	110.95	111.77	111.75	111.70	103.50	113.83	106.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
April 29	111.7	114.7
April 28	132.8	118.8
April 27	108.9	116.4
April 26	108.1	119.8
April 23	114.3	121.2

* SE activity indices rebased 1974

Cost control helps Aetna to exceed expectations

By Karen Zagor in New York

AETNA Life & Casualty, one of the biggest US composite insurers, yesterday reported better-than-expected first-quarter earnings, due to strong cost-control efforts which reduced the impact of continuing weakness in its property-casualty division.

Stripping out discontinued operations and the impact of accounting charges in the 1992 quarter, Aetna's earnings slipped to $191.3m in the first three months of 1993 from $301.3m last year.

Net income was $166.3m, or $1.51 a share, on revenues of $4.29bn. A year earlier, the company had net earnings of $118.7m, or $1.07, on revenues of $4.52bn.

Earnings included catastrophe losses of $31m in the latest quarter, against $4m a year ago. Net realised capital gains totalled $22m, against $75m a year earlier.

The company increased additions to reserves for troubled mortgage loans and property losses to $70m, from $41m a year earlier. This was offset by gains of $94m, largely from the sale of bonds, compared with $117m in the 1992 quarter.

Mr Ronald Compton, chairman, said the company continued to be hurt by adverse conditions in commercial real estate markets.

Operating expenses fell 10 per cent, and earnings benefited from gains in the group health, individual life and annuities businesses.

Aetna's personal property-casualty business made a loss of $8m, compared with earnings of $14m a year earlier. Although the company has withdrawn or reduced its exposure to markets in which it could not earn an acceptable profit, the benefits were partly offset by reduced net investment income.

Earnings from commercial property-casualty insurance operations slipped to $40m from $46m a year ago, reflecting lower charges for additions to loss and loss expense reserves for prior accident years, as well as lower operating expenses.

Financial services income rose to $31m from $20m due to investment gains on futures contracts and strong annuity earnings, which helped offset weak conditions in commercial real estate markets.

The life and health business made a profit of $76m compared with $70m last year.

L170bn sale ends Pirelli disposal programme

By Haig Simonian in Milan

PIRELLI, the Italian tyres and cables group, has completed its wide-ranging asset disposal programme with the L170bn ($115m) sale of its power transmission unit to Mark IV Industries of the US.

Pirelli started selling the seven business units in its diversified products division in early 1992, after its aborted takeover of Continental, its bigger German rival, left it facing heavy losses. Pirelli said the disposals would realise about L1,000bn – a target it claims has been exceeded.

The latest sale, which involves operations in Italy, the US and Spain, as well as marketing offices in four other countries, will produce an extraordinary gain of L10bn. The power transmission division produces rubber belts for a variety of industrial uses. Sales last year amounted to L260bn and the operation has 1,550 employees.

A final price for the deal will depend on audits under way. However, the L170bn estimate includes L70bn in debt.

Pirelli expects to complete the transaction by the end of next month.

● La Rinascente, the Italian retailing group controlled by Fiat, raised consolidated sales by 13.5 per cent to L1,617bn in the year to April 29. Adjusted for closures, the increase amounted to 14.8 per cent, it said.

The group denied negotiations on its sale were under way, in spite of expressions of interest from other retailers after Mr Giovanni Agnelli, Fiat's chairman, said Rinascente was no longer a "strategic" asset.

Citic undaunted by past blemishes

The chairman of the Chinese investment body talks to Tony Walker

MR Wei Mingyi, the new chairman of China International Trust and Investment Corporation (Citic), has secured one of his country's more sought-after jobs, but also one of its most testing.

The 68-year-old Mr Wei, elevated last month to the Citic chairmanship, inherits an increasingly complex international conglomerate with a heavy debt burden and a far from unblemished record in investing abroad.

Mr Wei seems undaunted, however, and has little thought of slowing Citic's rapid growth. Rather, he is intent on pushing ahead on several fronts.

"If a company constrains itself by consolidating at a certain level, then I think that company wouldn't have a future," he said at Citic's Beijing headquarters. "Business is always aggressive: maybe, sometimes you win, sometimes you fail, but you must be aggressive."

Mr Wei's philosophy is certainly consistent with the "go-go" mood of China, although his remarks are perhaps surprising, considering that he has spent most of his working life serving communism, much of it in his country's state-controlled electronics industries. Citic, itself state-owned, could hardly present a greater contrast to China's lumbering state sector. Founded in 1979 with capital of Yn30m ($5m) as a funnel for foreign investment into China, its global assets total more than Yn50bn, spread among 29 subsidiaries and affiliates.

Among its more active overseas subsidiaries are Citic Hong Kong (Holdings), through its listed vehicle Citic Pacific, and Citic Australia. Both have been on the acquisition and expansion trail recently.

In January, Citic Pacific acquired from its Hong Kong parent a 12 per cent stake in Hong Kong Telecommunications. Other recent investments include a controlling share of the Shanghai Children's Food Factory, and substantial interests in two mainland power projects.

Wei Mingyi: 'sometimes you fail, but you must be aggressive'

Citic Australia announced in March that it had purchased 10 per cent of Yaohan International Company, the Japanese retailer. Its main investment is a $70m stake in the Portland aluminium smelter in the southern Australian state of Victoria. It is also planning a stake in the Australian coal industry, and has linked with Hambros Australia to establish a joint venture securities firm – the first such investment abroad by a Chinese company in the financial services sector.

Citic, said Mr Wei, would like to expand further, but is cautious about the international outlook.

The chairman was probably speaking from chastening experience. Investment in a pulp and paper mill in Canada's British Columbia has gone sour, due to a slump in prices; in the US, the 1988 purchase of a Delaware steel mill has yielded little but heartache.

Mr Wei said 25 per cent of Citic's business interests were overseas, about half in Asia. Ideally, Citic would like to lift its foreign investments to 50 per cent of the total, but this would require additional substantial borrowing which the organisation could not afford at this stage.

The chairman estimated liabilities at about Yn40bn, against assets of Yn50bn. He described the ratio as not satisfactory and indicated that Citic favoured steps to reduce indebtedness, although prospects for achieving this do not appear bright in the short-term. Foreign liabilities, including loans and bonds, are put at $2.5bn. Last month alone, Citic raised almost $200m in separate international bond issues in Japan and Singapore.

Depreciation of the Chinese currency by about 30 per cent against the US dollar in the past year has not made Citic's task any easier. "My daily worry is servicing our loans," said Mr Wei. "But we cannot keep our money in the bank: we have to keep it moving."

Foreign bankers have occasionally questioned Citic's ability to continue rapid expansion funded partly by international borrowing – especially as a sizeable portion of its investments and energies are tied up in low-yielding or loss-making mainland state enterprises, and in infrastructure projects. Bankers assume, but do not take for granted, that the state would step in if required.

Mr Wei said, somewhat ruefully, that in line with state priorities, Citic was obliged to invest in low-return, long-term projects in energy, transportation and heavy industry. To balance those investments, Citic was also engaged in "quick return" projects in real estate, retailing, tourism and food processing.

He dated the organisation's drive abroad to the credit squeeze of 1988, when China clamped down on most business activity. It was then that Citic made its push into Hong Kong, leading to stakes in Hong Kong Telecom (12 per cent), Cathay Pacific (12.5 per cent) and Dragonair (46.2 per cent).

One of Citic's features, according to Mr Wei, is the autonomy it gives its subsidiaries. Larger investment decisions are referred to Beijing, but for the most part subsidiaries are left alone. They are set targets, and if they exceed them a percentage of profits is distributed as bonuses.

This approach certainly accords with Mr Wei's business philosophy – with Chinese characteristics – which he expressed thus: "A market economy is a market economy whether socialist or capitalist. We call it socialism because the capital comes from the nation and not from private hands."

Santander to reduce its lending rates on Monday

By Tom Burns in Madrid

BANCO Santander, the Spanish bank, yesterday broke with the tight monetary policies imposed by the Bank of Spain and said it would lower significantly lending rates on Monday.

The bank said it was cutting its rates on mortgages, consumer credits, leasing and factoring by between 1 per cent and 1.5 per cent, and set its preferential lending rate at 12 per cent.

The Bank of Spain, which is intent on maintaining the parity value of the peseta, has kept its benchmark intervention rate firm at 13 per cent, ignoring interest cuts elsewhere in Europe, and has kept the interbank rate at about 15 per cent.

"There is a difference between what the Bank of Spain does and what the market wants," said Mr Rodrigo Echenique, managing director of the Santander group. "The market is clamouring for lowered rates."

● Telefonica, Spain's state-controlled telecommunications company and one of the most traded stocks on the Madrid stock market, raised its 1993 first-quarter net profits by 15.9 per cent to Pta14bn ($120.7m).

The depressed economic conditions restricted growth in installed new lines during the quarter to 1.7 per cent. Operating profit rose by 8.5 per cent to Pta28.9bn.

Vereinsbank ahead 4.4% in first period

By David Waller in Frankfurt

BAYERISCHE Vereinsbank yesterday reported that group partial operating profits – which exclude own-account trading gains – rose 4.4 per cent in the first three months of the current year to DM386m ($239.7m), an increase of DM16m over the comparable period for last year.

Total group profit, including trading gains, increased at a higher rate, the Bavaria-based bank said, without giving any figure.

Mr Albrecht Schmidt, chief executive, told the annual meeting that performance in the first quarter was "satisfactory". He said that, as expected, the pace of business growth had slowed during the course of the current year.

The group balance sheet grew by 3.5 per cent to DM260.5bn. At the parent company, the balance sheet grew by 2.3 per cent and partial operating profits climbed by 6.6 per cent to DM255m.

The figures show a slowdown from the record rate of growth enjoyed last year, when group partial operating profits rose by 24.1 per cent to DM1.48bn, but suggest that the banking sector is continuing to enjoy a degree of immunity from the downturn affecting the German economy.

The figures do not include provisions for bad or doubtful debts, which are struck only after operating profits.

UK, US gases groups take stakes in Polish producers

By Christopher Bobinski in Warsaw and Daniel Green in London

BOC, the UK industrial gases group, and Liquid Carbonic, of the US, yesterday agreed to pay more than $40m between them for 70 per cent stakes in five Polish producers of industrial gases.

According to Poland's Ministry of Industry, the companies have also committed "up to $145m" over the next five years to modernise production and distribution.

BOC has acquired three companies in Poznan, Siewierz and Wrocław, while Liquid Carbonic, a subsidiary of Illinois-based CBI Industries, has bought plants in Warsaw and Gliwice.

Liquid Carbonic will pay $15.2m to the state treasury and invest $5.2m in the two plants it has bought.

BOC said it was committing $30m to the plants over five years.

The five Polish enterprises reported revenues worth $42.5m in 1991.

Poland's industry ministry was advised in the deal by Midland Montagu and Bain and Co.

Sabena posts BFr975m loss

SABENA, the parent company of the Belgian national airline, made a loss of BFr975m ($30m) in 1992, Reuter reports from Brussels. Comparative figures for 1991 were not available.

The loss was due to a general depression in airline business, increased competition and lower revenue on cargo, the company said. The strength of the Belgian franc against other currencies also weighed on the company.

Last month, the Sabena group announced a 1992 consolidated profit of BFr6m against a 1991 loss of BFr2.44bn.

Euro Disney names new chief financial officer

By Alice Rawsthorn in Paris

EURO DISNEY, the troubled leisure group which earlier this week announced heavy interim losses and plans to raise new capital, has appointed Mr Michael Montgomery, an executive with Walt Disney, the parent company, as chief financial officer.

Mr Montgomery's appointment is the latest in a series of senior management changes at Euro Disney in the year since the opening of its EuroDisneyland theme park outside Paris.

He succeeds Mr John Forsgren, who becomes vice-chairman. Euro Disney said the change was "purely routine" and stressed that Mr Forsgren was being promoted to his new role, where he will be responsible for the group's relations with the financial and political communities.

However, Mr Montgomery, formerly treasurer of Walt Disney, which owns 49 per cent of Euro Disney, will take responsibility for financial operations.

Both he and Mr Forsgren will report to Mr Philippe Bourguignon, who last year took over as Euro Disney's chairman.

GM rejects request for recall of pick-up trucks

By Patrick Harverson in New York

GENERAL MOTORS yesterday rejected the US government's recent request that the vehicle manufacturer recall 4.7m pick-up trucks because of concerns about possible design flaws.

As part of a vigorous defence of its safety record, GM argued that its trucks performed within federal safety requirements when tested recently by the National Highway Traffic Safety Administration.

Last month, the NHTSA asked the government to request the trucks' recall because it believed the placing of the fuel tanks outside the vehicles' frames made them more prone to fire risk in a collision.

GM, however, said that the NHTSA judged the GM trucks unsafe compared to other manufacturers' trucks because it applied safety standards beyond those normally set by the government.

The company also said the NHTSA ignored safety data compiled by state authorities which showed that its trucks were as safe, or safer than, other similar models.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$355.75	+11.6	$337.25	$355.75	$326.05
Silver Per troy oz	273.35p	+21.1	225.95 p	273.35p	236.00p
Aluminium 99.7% (cash)	$1115.0	+21	$1289.5	$1236.5	$1108
Copper Grade A (cash)	£1189.5	-2.5	£1234	£1563.5	£1176.5
Lead(cash)	£262	-6.5	£292.5	£309	£262.00
Nickel (cash)	$5940	-170	$7390	$6340	$5735
Zinc SHG (cash)	$1007.5	+1.5	$1371.5	$1112	$981.5
Tin (cash)	$5550	-35	$5870	$6047.5	$5525
Cocoa Futures (Jul)	£684	+3	£589	£751	£681
Coffee Futures (Jul)	$904	+38	$728	$985	$836
Sugar (LDP Raw)	$314.10	-21	$239	$317.4	$204.5
Barley Futures (Sep)	£106.80	+0.3	£117.25	£110.30	£106.50
Wheat Futures (May)	£145.05	-1.7	£126.5	£149.45	£138.85
Cotton Outlook A Index	60.65c	-0.25	59.85c	62.35c	54.75c
Wool (64s Super)	338p	-4	444p	403p	338p
Oil (Brent Blend)	$19.16x	+0.27	$19.775	$19.53	$16.65

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Jun.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
May	661	665	664 658
Jul	684	682	684 677
Sep	698	696	698 691
Dec	718	715	718 711
Mar	736	735	738 731
May	750	750	748
Jul	764		762
Sep	777	777	781 779
Mar	822		823 820

Turnover: 9944 (4970) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 29 719.36 (731.83) 10 day average for Apr 30 718.83 (721.08)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
May	897	876	910 883
Jul	904	878	915 888
Sep	904	874	915 886
Nov	914	883	915 908
Jan	917	880	922 915
Mar	925	902	928
May	935		943

Turnover: 5076 (2651) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 29: Comp. daily 54.10 (53.68) 15 day average 51.20 (50.95)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
May	47.0	47.7	48.0 45.5
Apr	97.5	87.2	97.0

Turnover 91 (75) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Aug	-	138.00	-

Turnover 0 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
May	1517	1525	1520 1517
Jun	1415	1418	1415 1412
Jul	1284	1285	1285 1284
Oct	1380	1385	1385 1380
Jan	1400	1410	1400
BFI	1554	1546	

Turnover 210 (257)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Sep	108.90	108.75	108.60
Nov	110.90	110.75	110.90
Barley	Close	Previous	High/Low
May	138.75	138.25	138.75

Turnover: Wheat 5 (281), Barley 11 (60).
Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
May	113.0		113.0
Jun	106.7		106.7
Jul	103.0	103.0	103.0 102.5

Turnover:11 (4) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 39,531 lots
Cash	1114.5-15.5	1101.5-02.5		1110-10.5		
3 months	1137-37.5	1123.5-24	1145/1127	1132-32.5	1137-38	173,926 lots
Copper, Grade A (£ per tonne)						Total daily turnover 31,204 lots
Cash	1189-90	1176-77	1183.5	1183/84		
3 months	1209-10	1196.5-97	1209/1203	1204-04.5	1206-07	163,903 lots
Lead (£ per tonne)						Total daily turnover 5,150 lots
Cash	261.5-62.5	265-66	261	261.5-62		
3 months	271-72	275-76	275/271	271-71.5	272-73	20,582 lots
Nickel ($ per tonne)						Total daily turnover 6,384 lots
Cash	5935-45	5925-35		5940-45		
3 months	6000-10	5990-6000	6020/5975	6000-10	6015-20	48,436 lots
Tin ($ per tonne)						Total daily turnover 2,523 lots
Cash	5545-55	5550-55		5580-40		
3 months	5605-10	5605-10	5620/5590	5590-95	5610-15	9,012 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,775 lots
Cash	1007-08	1008-10	1009.5	1008-08.5		
3 months	1025-26	1027-28	1030/1024	1027-27.5	1025-26	66,163 lots

LME Closing £/$ rate:
SPOT: 1.5680 3 months: 1.5582 6 months: 1.5486 9 months: 1.5386

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	355.60-355.90	
Opening	353.80-354.20	
Morning fix	353.45	224.470
Afternoon fix	354.30	225.024
Day's high	355.50-356.00	
Day's low	350.00-350.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.49	6 months	2.34
2 months	2.43	12 months	2.35
3 months	2.40		

Silver fix	p/troy oz	US cts equiv
Spot	273.35	429.85
3 months	277.40	432.95
6 months	281.60	436.45
12 months	290.05	443.80

GOLD COINS	$ price	£ equivalent
Krugerrand	353.00-356.00	224.00-226.00
Maple leaf	364.85-367.20	-
New Sovereign	84.00-87.00	53.00-55.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jun	Sep	Jun	Sep
1075	55	84	3	10
1100	35	66	9	16
1125	20	50	18	25
Copper (Grade A)	Calls		Puts	
1800	98	137	21	41
1850	66	107	39	60
1900	41	81	64	84
Coffee	Jul	Sep	Jul	Sep
850	70	86	18	32
900	40	69	36	65
950	21	40	67	88
Cocoa	Jul	Sep	Jul	Sep
700	18	37	32	39
725	10	31	51	58
750	5	24	71	76
Brent Crude	Jun	Jul	Jun	Jul
1850	76		3	16
1900	30	44	13	
1950	12	29	37	

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.55-6.62	+.145
Brent Blend (dated)	$18.93-8.95	+.235
Brent Blend (Jun)	$19.15-9.17	+.135
W.T.I (1 pm est)	$20.55-0.59u	+.135
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$213-215	+1
Gas Oil	$183-184	-3
Heavy Fuel Oil	$77-79	
Naphtha	$184-185	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$355.75	+0.5
Silver (per troy oz)♣	435.5c	+3
Platinum (per troy oz)	$386.5	+2
Palladium (per troy oz)	$119.35	+0.85
Copper (US Producer)	88.5c	-0.5
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	14.08r	-0.09
Tin (New York)	257.0c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	135.93p	+0.12*
Sheep (live weight)†♣	136.89p	-4.17*
Pigs (live weight)†	84.58p	-0.52*
London daily sugar (raw)	$314.10	+2.2
London daily sugar (white)	$304.0	+5.5
Tate and Lyle export price	£312.50	+1
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£164.5	
Wheat (US Dark Northern)	Unq	
Rubber (Jun)♥	56.50p	
Rubber (Jul)♥	58.75p	
Rubber (KL RSS No 1 May)	210.0m	
Coconut oil (Philippines)§	$407.5y	+5
Palm Oil (Malaysian)§	$380.0u	+5
Copra (Philippines)§	$260.0	+2.5
Soyabeans (US)	£178.0z	
Cotton "A" index	60.65c	-0.6
Wooltops (64s Super)	338p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug u-May. z-Apr/May v-Jun ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	275.00	273.00	275.00
White	Close	Previous	High/Low
Aug	313.00	311.50	314.50 311.50
Oct	298.50	298.50	301.00 298.00

Turnover: Raw 3 (2) lots of 50 tonnes.
White 362 (773) Paris- White (FFr per tonne):
Aug 1683.54 Oct 1621.45

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Jun	19.14	19.15	19.24 19.08
Jul	19.14	19.13	19.23 19.09
Aug	19.21	19.22	19.28 19.17
Sep	19.22	19.28	19.30 19.20
Oct	19.29	19.29	19.31 19.29
Nov	19.31	19.34	19.31
Dec	19.38	19.39	19.38
Jan	19.35	19.31	19.35
Feb	19.25	19.28	19.25
IPE Index	19.00	18.76	

Turnover 23898 (26873)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
May	180.25	182.00	185.50 180.00
Jun	177.50	179.00	181.00 177.25
Jul	176.75	176.75	179.25 176.75
Aug	177.75	177.50	179.75 177.75
Sep	178.50	178.50	180.50 178.50
Oct	181.75	181.75	183.50 181.75
Nov	183.75	184.00	184.50 184.25
Dec	185.25	185.50	185.25
Jan	185.25	185.75	187.00

Turnover 24861 (21356) lots of 100 tonnes

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
May	356.5	356.7	0	0
Jun	357.2	357.4	357.7	352.5
Aug	358.6	358.9	359.2	354.0
Oct	360.1	360.3	360.3	356.7
Dec	361.5	361.7	362.2	357.0
Feb	363.1	363.3	363.4	358.5
Apr	364.6	364.8	365.2	362.3
Jun	366.2	366.4	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	389.9	390.4	390.2	385.0
Oct	388.9	389.4	390.5	384.5
Jan	388.1	388.6	384.0	384.0
Apr	387.8	388.3	387.0	385.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
May	438.8	435.1	440.0	428.0
Jun	440.2	436.4	429.5	429.5
Jul	441.7	438.0	442.5	430.0
Sep	444.5	440.8	448.0	433.0
Dec	449.0	446.0	450.0	437.0
Jan	449.2	445.5	0	0
Mar	453.2	449.5	452.5	444.5
May	456.0	452.3	452.5	448.0
Jul	459.5	455.8	456.0	452.0
Sep	462.9	459.2	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	83.70	82.60	83.90	83.20
Jun	84.15	83.00	84.05	84.05
Jul	84.50	83.35	84.70	83.90
Aug	84.85	83.70	84.70	84.70
Sep	85.20	84.05	85.40	84.70
Oct	85.50	84.35	0	0
Nov	85.85	84.70	85.70	85.70
Dec	86.20	85.05	86.30	85.70
Jan	86.45	85.30	0	0
Feb	86.70	85.55	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Jun	20.55	20.58	20.61	20.47
Jul	20.72	20.73	20.78	20.63
Aug	20.83	20.84	20.88	20.73
Sep	20.87	20.30	20.91	20.80
Oct	20.88	20.83	20.89	20.84
Nov	20.86	20.85	20.90	20.85
Dec	20.85	20.85	20.90	20.80
Jan	20.83	20.92	20.86	20.79
Feb	20.85	20.90	20.85	20.83
Mar	20.82	20.88	20.82	20.75

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
May	55.75	55.96	56.15	55.70
Jun	56.10	56.32	56.55	56.10
Jul	56.60	56.79	56.90	56.55
Aug	57.20	57.39	57.50	57.05
Sep	58.15	58.39	58.50	58.10
Oct	59.20	59.34	59.25	59.15
Nov	60.20	60.24	60.25	60.06
Dec	61.00	61.09	61.15	60.95
Jan	61.30	61.54	61.55	61.25
Feb	61.20	61.29	61.30	61.05

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
May	907	901	908	896
Jul	936	930	942	925
Sep	964	958	967	953
Dec	1000	992	1003	988
Mar	1036	1027	1029	1020
May	1061	1053	0	0
Jul	1078	1070	0	0
Sep	1103	1095	1094	1088
Dec	1133	1125	0	0
Mar	1166	1158	1158	1154

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
May	63.50	60.50	63.50	61.00
Jul	64.20	62.65	64.30	61.95
Sep	65.75	64.45	65.80	63.55
Dec	68.30	66.75	68.40	66.50
Mar	71.10	69.50	71.10	69.80
May	72.00	71.00	72.60	72.50
Jul	73.50	72.60	0	0
Sep	75.00	74.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	12.33	12.50	12.75	12.05
Jul	12.82	12.84	13.02	12.79
Oct	12.12	12.21	12.30	12.10
Mar	11.27	11.33	11.41	11.25
May	11.22	11.26	11.36	11.28
Jul	11.15	11.24	11.30	11.28

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	60.50	59.50	60.80	59.30
Jul	61.30	61.22	61.49	60.95
Oct	62.45	62.25	62.60	62.70
Dec	61.78	61.56	61.90	61.50
Mar	62.98	62.83	63.05	62.55
May	63.58	63.25	63.70	63.50
Jul	64.05	63.73	0	0
Oct	63.35	63.35	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	88.40	87.70	87.20	86.00
Jul	89.65	91.40	90.75	89.10
Sep	92.55	94.15	93.75	92.10
Nov	94.65	96.25	96.25	94.65
Jan	97.45	99.25	99.00	97.10
Mar	99.65	101.00	101.00	99.65
May	99.65	100.75	0	0
Jul	99.65	100.75	0	0
Sep	99.65	100.75	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Apr.30	Apr.29	mnth ago	yr ago
1671.9	1682.6	1709.7	1596.5

DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr.29	Apr.28	mnth ago	yr ago
Spot	120.92	121.69	-	116.37
Futures	124.78	124.13	-	118.63

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
May	588/6	588/0	591/6	588/6
Jul	591/2	590/2	594/2	590/6
Aug	592/0	591/2	595/4	591/6
Sep	593/4	591/4	595/2	592/0
Nov	595/2	595/0	599/0	595/0
Jan	602/0	601/6	605/2	602/0
Mar	608/0	608/4	612/2	608/0
May	613/0	612/4	615/0	613/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	20.82	20.91	20.98	20.79
Jul	21.04	21.18	21.23	21.02
Aug	21.15	21.28	21.34	21.11
Sep	21.26	21.39	21.45	21.25
Oct	21.40	21.49	21.57	21.40
Dec	21.63	21.75	21.83	21.60
Jan	21.73	21.83	21.85	21.73
Mar	21.89	22.03	22.00	21.85

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	185.8	184.6	186.2	185.3
Jul	186.7	186.1	187.5	186.5
Aug	187.3	186.6	188.2	187.2
Sep	187.9	187.4	188.4	187.8
Oct	188.2	187.5	188.7	188.0
Dec	189.2	188.7	190.0	189.0
Jan	189.6	189.0	190.2	189.5
Mar	189.8	189.4	191.0	189.8

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	228/0	224/2	228/6	226/0
Jul	232/4	228/6	233/0	230/6
Sep	236/4	233/0	237/4	234/4
Dec	241/2	237/0	242/4	239/4
Mar	247/4	243/4	248/4	246/0
May	252/4	248/0	252/4	252/0
Jul	255/6	251/4	256/0	254/0
Dec	250/6	247/4	250/6	249/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	348/0	343/6	350/4	343/6
Jul	301/2	298/2	301/6	298/6
Sep	303/6	301/4	304/4	301/6
Dec	314/0	311/4	314/4	312/2
Mar	319/0	317/0	319/0	317/4
Jul	313/2	315/0	314/0	313/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jun	76.775	76.950	77.000	76.675
Aug	73.875	73.900	73.975	73.800
Oct	74.425	74.500	74.575	74.400
Dec	74.775	74.750	74.850	74.650
Feb	74.200	74.175	74.475	74.200
Apr	75.300	75.175	75.300	75.100
Jun	72.475	72.500	72.500	72.475

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jun	51.350	52.300	52.000	51.300
Jul	50.250	51.325	51.050	50.100
Aug	48.100	48.625	48.550	48.025
Oct	42.525	43.050	42.800	42.350
Dec	43.650	43.850	43.850	43.600
Feb	43.600	43.950	43.625	43.600
Apr	42.450	42.700	42.500	42.450
Jun	47.725	47.800	47.800	47.700

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	42.425	42.875	43.425	42.125
Jul	43.400	44.025	44.450	43.000
Aug	41.400	42.000	42.300	41.100
Feb	40.650	41.000	41.550	40.600
Mar	40.425	40.025	40.750	40.425
May	41.500	42.000	0	41.500

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar buoyed by T-Bill cut

THE DOLLAR was trapped in a tight range against the D-Mark yesterday, buoyed by another indication that the Bundesbank is cutting rates but depressed by more poor news on the US economy, *writes James Blitz.*

The dollar rose by around a pfennig in the European afternoon, peaking at DM1.5905, after the Bundesbank cut its 3-day Treasury Bill rate by 50 basis points to 7 per cent.

Changes in the Treasury bill rate, which the Bundesbank uses to mop up excess money market liquidity, tend to be a lagging indicator of its monetary policy.

However, yesterday's cut brought the T-Bill rate some 50 basis points below the discount rate floor of 7.50 per cent, raising speculation that the general structure of German rates could soon be lowered again.

Miss Alison Cottrell, an economist at Midland Global Markets, pointed out that this was the first time the rate had ever been below the discount rate which sets the floor for all money market rates.

"Why should the Bundesbank take the T-Bills to a meaninglesly low rate unless they intend to give the message that it won't be meaningless for long ?" she asked.

However, the dollar failed to make any further ground in an afternoon which saw more indications that the US economy is growing only slowly.

Mr Neil MacKinnon, chief currency strategist at Citibank in London, said yesterday's figure for personal consumption, showing a decline of 0.2 per cent in March against expectations of a 0.1 per cent drop, was a particularly worrying sign for the US economy.

In his view, the first quarter GDP figure, which earlier this week showed annualised growth of 1.8 per cent, will be revised down on May 29. This week's figure for M2 money supply, showing a net drop of $9.4bn, also underlines that bullish US growth forecasts may need to be revised. The dollar closed in London yesterday at DM1.5880, up from a previous DM1.5815.

The US currency checked its decline against the yen in Friday's Tokyo trading, following the conclusion of the G7 finance ministers meeting in Washington.

The dollar had weakened to around Y111.25 in Tokyo as dealers took the view that there was no commitment in the G7 commmuique to halt the yen's recent rise. The dollar closed at Y111.2 in London.

Sterling closed ¾ of a pfennig up on the day against the D-Mark, at DM2.4925, following the change in German rates. However, with no important UK indicators due next week, the currency is unlilkely to break through the DM2.50 level in the next few days.

£ IN NEW YORK

Apr 30	Latest	Previous Close
£ Spot	1.5705-1.5715	1.5730 1.5740
1 month	0.42-0.41pm	0.39 0.38pm
3 months	1.16-1.14pm	1.17 1.15pm
12 months	4.30-4.20pm	4.23 4.15pm

Forward premiums and discounts apply to the US dollar

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5890	1.5849	1.5575	1.5488	1.5265
D-mark	2.4925	2.4987	2.5022	2.5053	2.5372
French Fr.	8.3975	8.4130	8.4379	8.4686	8.4871
Swiss Fr.	2.2500	2.2484	2.2448	2.2363	2.2129
Yen	174.58	174.07	173.20	171.97	169.48

MONEY MARKETS

T-Bill rate cut again

THE BUNDESBANK yesterday triggered speculation that it would ease its official interest rates again in the next few weeks, by cutting its 3-day Treasury Bill rate by 50 basis points to 7.00 per cent, *writes James Blitz.*

The provision of 3-day Treasury bills to the money market provides the Bundesbank with a method of mopping up excess liquidity.

Some analysts see these bills as a relatively unimportant instrument for the conduct of monetary policy compared to the Lombard and discount rates.

However, Mr Jonathan Hoffman of Credit Suisse First Boston, believes that this latest cut, which brings the T-Bill rate 50 basis points below the discount rate, is an important signal that the Bundesbank wants to ease policy again.

In his view, commercial banks will be more willing to lend money to the Bundesbank at the lower T-Bill rate because of the value of the Bundesbank as an interbank counterparty. This, in turn, should soften German call money, which is currently at 7.71 per cent, bringing pressure on the discount rate floor, at 7.5 per cent.

Mr Hoffman also believes that the last cut in the T-Bill rate, in the last week of March, was an important precursor to the cuts in the other official rates which came last month.

The Bundesbank's move had less effect in German and French futures market than in the foreign exchanges. The June Euromark contract had a 9 basis point rise to close at 92.75, but dealers said this was a technical response to the rather heavy sell off of recent days.

French franc futures were also stronger, helped by the Euromark rise and the franc's strength on the currency markets in recent days. The June French franc contract closed at 92.35, 6 basis points up on the day. The French franc closed at FFr3.370, slightly weaker than its previous close of FFr3.369.

Short dated interest rates in the sterling market were firmer after the Bank of England forecast a large shortage of £1.85bn at the start of its operations. The Bank of England did not operate in the market in the morning and the overnight lending rate peaked at 7.25 per cent.

In these conditions, 3-month sterling cash rose ⅛ per cent on the day, closing at 6⅛ per cent.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
116	1.05	1.58	-	0.20	0.83	-
117	0.42	-	1.37	0.55	1.28	-
118	0.11	0.82	-	1.08	-	-
119	0.03	0.32	-	-	-	-
120	0.02	0.15	-	-	-	-
Open int	156,865	98,967	18,918	146,338	84,274	10,496

Estimated volume 55,133 † Total Open Interest 537,766
† All Yield & Open interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday April 28, 1993	Increase or decrease for week
LIABILITIES	£	£
Capital	15,553,000	
Public Deposits	140,856,012	- 5,443,178
Bankers Deposits	1,621,139,258	- 66,841,506
Reserve and other Accounts	3,394,090,535	- 1,281,392,165
	5,170,638,805	- 1,346,676,849
ASSETS		
Government Securities	1,151,137,132	- 136,750,000
Advance and other Accounts	3,471,820,814	- 1,297,349,310
Premises Equipment & other Secs	538,365,201	+ 85,035,496
Notes	9,108,538	+ 2,412,739
Coin	207,122	- 25,773
	5,170,638,805	- 1,345,676,849
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,610,891,494	+ 107,587,261
Notes in Banking Department	9,108,506	+ 2,412,739
	16,620,000,000	+ 110,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,656,441,064	+ 2,102,886,965
Other Securities	7,952,543,836	- 1,992,886,965
	16,620,000,000	+ 110,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 4.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

No. of bargains included 2397

Treasury 13¼% Stk 2000/03 - £129¾ 130¼ 132¾

Exchequer 10½% Stk 2005 - £116¾

Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £126¾

Corporation and County Stocks

No. of bargains included

UK Public Boards

No. of bargains included 2

Foreign Stocks, Bonds, etc-(coupons payable in London)

No. of bargains included 109

PowerGen PLC 9¼% Bds 2003 (Br £10000&100000) - £101½ 2 (27Ap93)

Prudential Finance BV 8¼% Gtd Bds 2001(BrS1000&10000) - $108.9 (23Ap93)

9½% Gtd Bds 2007 (Br£5000&100000) - £101¾ (28Ap93)

Prudential Funding Corp 8.25% Nts 18/12/95(BrSC1000&10000) - $C101¼ ϕ

RMC Capital Ld 8¾% Cnv Cap Bds 2006

Sterling Issues by Overseas Borrowers

No. of bargains included 8

Listed Companies(excluding Investment Trusts)

No. of bargains included 20970

Investment Trusts

No. of bargains included 1575

USM Appendix

No. of bargains included 580

Rule 535(2)

No. of bargains included 22

CCL Group PLC Ord £1 - £2.2

Celltech Ld Ord £1 - £4.2 (26Ap93)

Country Gardens PLC Ord 25p - £0.56 (26Ap93)

Dewson Hldgs PLC Ord 10p - £3¾ 3.8

Douglas Gas PLC Ord 25p - £0.87 (28Ap93)

Gander River Resources PLC Ord 5p - £0.04

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Malayan Cement M$5.05 (27/4)

McCarthy Group 48 (28/4)

Mogul Mining A$2.51 (27/4)

Oil Search 32 (28/4)

Singapore Land S$4.32 (27/4)

Star Communications SK298, 300

Tanex Resources 3.387 (23/4)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

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FT-SE Index regains the 2,800 level

By Terry Byland, UK Stock Market Editor

BEAR PRESSURES on the UK stock market relaxed yesterday and share prices staged a spirited recovery, comfortably regaining the 2,800 mark ahead of the extended weekend break. With both government bonds and stock index futures in better heart, the FT-SE Index regained 26 points of the week's loss, encouraged by renewed buying of the retail and consumer sectors still seen as immediate beneficiaries from economic recovery.

Trading volume, sluggish at first, took in some small trading programmes and was boosted in late dealing when Wall Street opened the new session with a gain of 13 points on the Dow Industrial Average.

Account Dealing Dates		
*First Dealings:		
Apr 19	May 10	May 24
Option Declarations:		
May 6	May 20	Jun 3
Last Dealings:		
May 7	May 21	Jun 4
Account Day:		
May 17	Jun 1	Jun 14

*New time dealings may take place from 8.30am two business days earlier.

The London market closed at the best of the day with the FT-SE Index up 26.3 at 2,813.1. Yesterday's recovery reduced the week's fall on the Footsie to 29.9 points, or around 1 per cent.

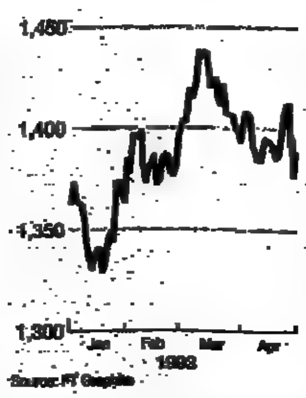
The focus put on the blue chips this week by selling pressure from stock index futures has been was reflected in a relatively better performance by the FT-SE Mid 250 Index, which climbed by 21.7 to 3,132.1 yesterday.

The Mid 250 Index has lost only a few points this week and remains well within 1 per cent of the all-time peak reached on March 19.

While the cut in bill rates by the Bundesbank was seen as no more than a technical adjustment, this fresh evidence of the downward drift in rates in continental Europe encouraged what was at first a slow recovery in UK government bonds.

By the close of trading, long-dated UK gilts were ahead by around $\frac{3}{8}$. Index-linked government issues, the bond market's inflation-hedged securities, eased by about ¼ of a point.

FT-A All-Share Index



Source: FT Graphite

The day's Seaq total of 536.1m shares finally measured well against Thursday's 542.1m, which was worth £1.14bn in retail business. Non-Seaq business returned to more average daily volume, making up some 62 per cent of yesterday's business.

Market traders said that the market appeared to have returned to calmer waters after the stormy sessions seen at the beginning of the week, and hoped that this week's setback was nothing more than an expected shakeout inside an established trading range.

However, investors still appeared to be avoiding the overseas earning stocks yesterday as sterling remained firm, and there were doubts overhanging prospects for Wall Street.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]			
Burton	2,500	80	
Cable & Wire.†	2,800	680	+13
Cadbury Schweppes†	1,200	461	-1
Calor Group	200	235	
Carlton Comms.†	517	747	+4
Coats Viyella†	1,000	236	+4
Comm. Union†	1,600	591	+5
Cookson	1,400	213	+5
Courtaulds†	919	557	+3
[illegible]			
Johnson Matthey	580	494	+5
Kingfisher†	1,700	600	+12
Kwik Save†	940	785	+3
Ladbroke†	6,000	153	+1
Land Securities†	689	535	+5
Laporte	639	682	+6
Legal & General†	515	447	-1
Lloyds Abbey	243	436	+3
Lloyds Bank†	1,400	527	+8
LASMO†	2,600	152	+1
London Elec.	188	469	+2
Lonrho	13,000	98½	+5
[illegible]			
Rothmans†	491	822	+7
Ryl Bk Scotland†	1,000	284	+4
Royal Insurance†	678	318	-1
Saatchi	4,700	175	
Sainsbury†	2,000	457	+8
Scottish & New.†	1,100	485	+8
Scot. Hydro-Elect.†	1,500	329	+3
Scottish Power†	925	309	+3
Sears†	5,800	104	+1
Sedgwick	473	187	+1
Seeboard	98	483	+4
Severn Trent Water†	922	485	+8
[illegible]			
Vodafone†	2,500	377	+7
Warburg (SG)	727	652	+9
Wellcome†	520	735	+13
Welsh Water	612	555	+4
Wessex Water	119	603	
Whitbread "A"†	1,600	474	+8
Williams Hldgs.†	887	337	+5
Willis Corroon	1,800	182	+8
Wimpey	1,800	175	+5
Wolseley	413	603	+4
Yorkshire Elec.	277	514	+2
Yorkshire Water	824	531	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

ICI bucks end of grey trade

US BUYING gave a lift to ICI although liquidity was cut back after the Stock Exchange stamped on the recently introduced "grey" market in the shares of the soon to be demerged company.

There were suggestions that complaints might have been lodged by other leading securities houses. Salomon Brothers which had been making an unofficial market in ICI "new" shares and in Zeneca, the bioscience arm, bowed to Exchange pressure yesterday and pulled out, at least until May 12 when the anticipated £1.3bn rights issue will be priced. The final grey-market price for Zeneca was 690p and for ICI ex the demerger was 590p. All trades done since Salomon opened the market on Tuesday will be honoured.

The underlying shares, which shot up on Thursday following higher than expected first-quarter results, added a further 11 to close at 1289p, their highest level since June last year. However, one cynical analyst argued: "The chickens are going to come home to roost after the demerger."

Oils wanted

Better first quarter results than expected from Shell Oil, Shell Transport's US subsidiary, prompted renewed heavy US buying of the UK's two oil majors.

Shell Oil's profits of $239m compared with $183 for the same period last year and were seen as best set of quarterly numbers since 1989.

The shares, unsettled earlier in the week as a number of big US institutions switched out of the stock and into BP, staged a modest rally yesterday to close 3½ up at 554p on turnover of 5.8m. But specialists said they felt a closer scrutiny of Shell US's numbers would trigger a strong response in Shell shares when the London market reopens on Tuesday.

"These are super figures," said Mr Nick Clayton, oil analyst at Smith New Court, who said Shell's streamlining is now coming right after years of poor performance by the company. Mr John Toalster at SGST, the French-owned stockbroker and renowned bear of BP, said: "The true recovery story in the oil majors is not BP but Shell."

BP boosted earlier this week by big switching from Shell, nevertheless continued to gain ground following renewed US support. "What's good for Shell is good for BP," said another oil analyst. BP set to announce first quarter figures next Thursday rose 7 to 292½p.

RMC strengthen

Building specialists gave an immediate thumbs up to the merger of RMC's two German operations, Readymix AG and Readymix Berlin, which they said would give a substantial boost to the company's earnings, cash flow and costs in that country. A series of broker upgrades are said to be in the pipeline.

RMC shares spearheaded a general surge in the building materials sector, closing 34 stronger at 675p, the highest level since September 1991, albeit on disappointing turnover of only 1.5m shares.

Redland, also heavily involved in the building materials market in Germany, lifted 13 to 445p.

UB firmer

United Biscuits were firmer in a stronger market, boosted by a broker buy note, and renewed bid speculation ahead of the long holiday weekend.

The buy note from agency broker James Capel was based on recovery prospects for Keebler, the US unit. The shares rose 16 to 426p also helped by a return of bid speculation although most analysts were sceptical and the turnover of 3.3m shares provided little opportunity for stake building. Recent speculation has focused on Cadbury Schweppes off a penny at 461p, and Hanson up 1½ at 231p, as likely bidders.

The composite insurance sector was given substantial support by Credit Lyonnais Laing ahead of the first-quarter results season which gets underway later this month. "We think there is good momentum in the composites," said Mr Charles Coyne at CLL. The broker is particularly bullish about Royal where it sees its current year forecast of a £4m loss as "extremely conservative."

Commercial Union, rated a buy by CLL, settled 5 higher at 591p after confirmation that the group's exposure to the Bishopsgate bomb outrage will be no more than £25m. Royals eased to 318p.

Barclays added 7 to 429p and NatWest eased 3 to 458p after Kleinwort Benson reaffirmed its switch recommendation. Press suggestions of big losses by marketmakers S.G. Warburg and Kleinwort Benson, after the setbacks in equities and derivatives this week, were rejected by senior traders around the markets. Warburg shares rallied 9 to 652p and Kleinwort put on 4 to 393p.

A buy recommendation helped Reuters Holdings to an early rise. Kleinwort Benson said the news and electronic information group had hit its lowest rating since flotation in 1984. The shares were up 14 in early trade but the gains were flattened out and closed 5 higher at 1259p.

Conglomerate Lonrho was the most heavily traded stock in London yesterday as chart analysts predicted that the share price would hit 150p over the medium to long term.

The shares will be helped by the higher price of precious metals. The stock gained 5 to 98½p on , turnover of more than 13m.

Tobacco and insurance group BAT Industries bounced 18 to 856p ahead of first quarter results on Wednesday.

Pharmaceuticals Group Smith & Nephew was actively traded, the shares closing slightly firmer at 148½p on turnover of 10m. The volume reflected 5m shares dealt at 147½p and a further 5m at 148p. Old bid speculation returned and the company held a presentation at a Society of Investment Analysts lunch earlier in the week.

Vague bid stories earlier in the week supported Lasmo which edged off the bottom of the Footsie 100 list of companies and Lasmo shares were firmer at 152p. Fisons, the health and household company, dropped to the bottom of the index.

Packaging and paper group David S. Smith lifted 12 to 350p after announcing a small acquisition.

Growing concern that the compact disc industry might be referred to the Monopolies and Mergers Commission prompted Thorn to ease a penny to 847p.

MARKET REPORTERS:
Peter John,
Steve Thompson.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (196).

CANADIANS (3) Amer. Barrick Res., Echo Bay Mines, Gulf Can., BANKS (3) Sakura, Tokai, Toyo Tst. & Bkg., BREWERS (3) Boddington, Highland, Kirin, BLDG MATLS (6) Blue Circle, Do. 7¾pc Pf., Br. Fittings, Ibstock Johnsen, Kalon, Marshalls, RMC, SWP, BUSINESS SERVS (3) Comac, Reed Exec., Wilis, CHEMS (1) Yorkshire Chems., CONGLOMERATES (3) AGA, Crescent Inv., Lonrho, CONTG & CONSTRCN (8) Ashstead, Banner Homes, Hewden-Stuart, Maunders, Mowlem, Severfield-Reeve, Sindall, Torex Hire, Try, ELECTRICALS (3) Emess, Fujitsu, Mitsubishi, NEC, Toshiba, ELECTRONICS (1) Control Techs., ENG GEN (6) Clyde Blowers, FKI, Hall, Senior, FOOD MANUF (1) Hazlewood, HEALTH & HHEHOLD (1) Kay Lite, HOTELS & LEIS (1) Granada Pf., INV TRUSTS (35) Baillie Gifford Japan, Baillie Gifford Shin Nippon, Drayton Eng. & Intl., Drayton Far East, EFM Japan, Do. Wrts, English Natl. Pfd., First Philippine Wrts, Fleming Far Eastern, Fleming Japanese, Do. Wrts, GT Japan, Gen. Oriental, Govett Oriental, Henderson Euro., Do. Units, JF Pacific Wrt., Martin Currie Pacific, Do. Wrts, Mediterranean Pd., River & Merc. Geared Pf., Second Cons. Smaller Co's., Suml. Templeton Emerging Mkts. Wrts, Turkey, MEDIA (3) Anglia, Do. 8¾pc Pf., Central ITV, Intl. Business Comms., Taylor Nelson AGB, Ulster TV, MTL & MTL FORMING (1) Richards, MISC (4) Holders Tech., Norbain Elects., Spandex, Strong & Fisher, MOTORS (1) First Tech., OIL & GAS (3) Evergreen Res., Gulfstream Res. Can., OTHER FINCL (3) Cater's, Dalian Secs., King & Shaxson, Mitsubishi, Perpetual, OTHER INDLS (1) Cookson, PACKG, PAPER & PRINTG (4) Bruo-Gulzell, Intereurope Tech., Reposla, Smith (David S), PROP (8) Capital & Reg. Prop., Cardiff Prop., Dencora, Ests. & Gen. 6pc Pf., Helical Bar, Molyneux Ests., Tops Ests., Town Centre, Wates City of Lon, STORES (3) Danka, Kenwoca, Lloyds Chems. Pf., TEXTS (4) Alex. Workwear, Gaskell, Hse of Lerose, Stralch, TRANSPORT (1) IoM Steam, MINES (28) Anglo-Dominion, Beatrix, Cluff, Deelkraal, Doornfontein, Durban Deep, East Daggs, East Rand Prop., Elandsrand, Gold Fields S.A., Gwalia Cons., Hamio, Kinross, Malaysia Mining, Monarch Res. 1983 Ou., Mount Burgess, Navan Res., PosGold, Precious Metals Aust., Resolute Res., Sons Gwalia, Vaagala.

NEW LOWS (10).

BRITISH FUNDS (11) Tr. 12¾pc 1993, Tr. 13¼pc 1993, Ex. 13¼pc 1994, Ex. 13¼pc 1996, Tr. 15¼pc 1996, Ex. 12pc 1998, Tr. 15½pc 1998, Tr. 10½pc 1999, Ex. 12¾pc 1999, Tr. 14pc 1998-2001, Tr. 8pc 2013 (£50 Pd.), AMERICANS (1) Amdahl, BANKS (1) ABN Amro, BLDG MATLS (1) Caligoell, BUSINESS SERVS (1) RCO, CONTG & CONSTRCN (1) HEM, ENG GEN (3) Clayton Son, Pleasco, FOOD MANUF (1) Bols Wessanen, HEALTH & HHEHOLD (4) Baxter, Life Sciences, ML Labs., Proteus, HOTELS & LEIS (1) Ladbroke, INV TRUSTS (3) I & S Opt. Inc., New City & Comm., MISC (4) Erskine Hse 7¾pc Pf., Hartscove, Pentland, Shanks & McEwan, OTHER FINCL (1) S & U, OTHER INDLS (2) Scapa, Staveley, PACKG, PAPER & PRINTG (1) Focus, PROP (3) Hastings Baker, Prop. Tst., STORES (1) Boots, TELE NETWORKS (1) Securicor A, TEXTS (1) Courtaulds Texts., MINES (3) Helix Res, OFS Invs.

EQUITY FUTURES AND OPTIONS TRADING

A WELCOME, if possibly technical, bounce in stock index futures yesterday restored the June contract on the FT-SE Index to a premium against cash and encouraged a recovery across the range of the underlying equity market, reports Terry Byland. Local traders were active buyers of the contract but there were some large investment buyers.

For most of the session, the Footsie contract traded at a premium of several points to cash, although not to the Fair Value which is currently worth around 7 points. At the official close, the contract was almost at Fair Value. Trading volume was well down, however, at just over 7,000 contracts.

Strategists warned that yesterday's recovery was a technical response to the absence of the feared US sellers. The contract could be tested if it approaches the 2,828 area next week.

Sharply lower trade in the FT-SE contract reduced overall activity in traded options to 26,640 from Thursday's 47,286. Lourho headed the actives list with 2,573 contracts.

FINANCIAL TIMES EQUITY INDICES

	April 30	April 29	April 28	April 27	April 26	Year ago	* High	* Low
Ordinary share	2221.3	2200.2	2208.3	2231.6	2222.6	2134.7	2299.5	2124.7
Ord. div. yield	4.15	4.18	4.18	4.14	4.16	4.28	4.52	4.07
Earning yld % full	6.25	6.30	6.29	6.25	6.28	6.04	6.35	5.79
P/E ratio net	19.88	19.71	19.73	19.88	19.76	20.78	22.04	18.57
P/E ratio nil	18.54	18.40	18.43	18.55	18.45	19.27	20.30	18.25
Gold Mines	148.9	153.3	141.2	140.1	137.0	110.5	153.3	80.0

*for 1993. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2204.9	2204.5	2209.2	2211.9	2212.3	2214.4	2215.7	2220.0	2221.0	2221.7	2203.8

Volume	April 30	April 29	April 28	April 27	April 26	Year ago
SEAQ Bargains	26,365	27,031	29,670	28,867	29,508	45,845
Equity Turnover(£m)†	-	1139.5	1389.9	1174.4	1015.4	1976.0
Equity Bargains†	-	30,808	34,284	33,816	34,329	50,165
Shares traded (ml)†	-	487.0	595.4	517.9	497.5	748.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday April 30 1993

Gold Mines Index	+	129.89	Oil & Gas	+	6.02
Contracting, Construction	+	30.89	Business Services	+	5.93
Merchant Banks	+	28.80	Media	+	3.53
Metals & Metal Forming	+	26.37	Other Industrials	+	3.45
Engineering-Aerospace	+	20.33	Water	+	3.07
Property	+	19.84	Food Manufacturing	+	2.07
Building Materials	+	18.89	Conglomerates	+	1.80
FT-SE SmallCap ex Inv Tst	+	17.38	FT-A All-Share	+	1.84
FT-SE SmallCap	+	16.51	Insurance (Composite)	+	1.83
Electronics	+	13.07	Transport	+	1.42
Banks	+	12.64	FT-SE-A 350	+	1.01
Capital Goods	+	12.02	Other Groups	+	0.82
Financial Group	+	11.96	"500" Share Index	+	0.00
Insurance (Life)	+	11.06	Insurance Brokers	-	0.56
Packaging, Paper & Printing	+	10.64	Industrial Group	-	0.67
Engineering-General	+	10.24	Stores	-	0.84
FT-SE Mid 250	+	9.40	FT-SE 100	-	1.17
Electricals	+	8.74	Telephone Networks	-	1.47
Investment Trusts	+	8.05	Hotels & Leisure	-	2.09
Motors	+	7.48	Consumer Group	-	6.28
Chemicals	+	7.21	Brewers & Distillers	-	8.05
Electricity	+	5.55	Food Retailing	-	8.14
Textiles	+	6.12	Health & Household	-	17.90

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	113.8179	+0.152	7.54	7.49	7.82
BELGIUM		9.000	03/03	109.8000	+0.050	7.56	7.47	7.42
CANADA *		7.250	06/03	98.2000	+0.250	7.51	7.33	7.46
DENMARK		8.000	05/03	102.0000	+0.200	7.71	7.58	7.97
FRANCE	BTAN	8.000	05/98	104.9753	+0.038	6.79	6.86	6.99
	OAT	8.500	04/03	108.8700	-0.160	7.22	7.15	7.21
GERMANY		7.125	12/02	102.9250	+0.075	6.79	6.80	6.86
ITALY		11.500	03/03	94.3650	-1.015	12.90†	12.92	13.21
JAPAN	No 119	4.800	06/99	102.2540	+0.122	4.34	4.09	4.22
	No 145	5.500	03/02	107.2663	-0.108	4.36	4.18	4.59
NETHERLANDS		7.000	02/03	101.8900	+0.080	6.72	6.53	6.66
SPAIN		10.300	06/02	92.4120	-0.147	11.86	11.53	11.46
UK GILTS		7.250	03/98	100-11	+8/32	7.16	7.04	6.70
		8.000	06/03	99-10	+8/32	8.10	7.91	7.71
		9.000	10/08	104-17	+11/32	8.47	8.32	8.20
US TREASURY *		6.250	02/03	102-01	+7/32	5.97	5.85	5.99
		7.125	02/23	102-31	+7/32	6.89	6.78	6.89
ECU (French Govt)		8.000	04/03	102.5000	-0.080	7.63	7.58	7.80

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	58	11	8	129	215	41
Other Fixed Interest	11	0	4	23	23	29
Commercial, Industrial	346	170	802	1,467	1,383	4,145
Financial & Property	174	60	556	620	618	2,745
Oil & Gas	21	16	50	90	85	247
Plantations	2	0	6	2	1	37
Mines	32	42	84	215	103	344
Others	47	30	46	175	190	250
Totals	691	335	1,617	2,721	2,636	7,838

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2813.1 +26.3	3132.1 +21.7	1388.88 +11.67

	Apr 30	Day's change %	Apr 29	Apr 28	Apr 27	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd	1993 High	1993 Low	Since compilation High	Since compilation Low
FT-SE 100	2813.1	+0.9	2786.8	2797.3	2832.7	2659.8	6.44	4.05	19.69	38.73	2957.3 8/3	2737.6 19/1	2957.3 8/3/93	986.9 23/7/84
FT-SE Mid 250	3132.1	+0.7	3110.4	3121.7	3134.3	2723.9	6.47	3.71	19.48	31.93	3154.7 19/3	2876.3 13/1	3154.7 19/3/93	1379.4 21/1/86
FT-SE-A 350	1402.6	+0.9	1390.3	1395.6	1410.4	1302.7	6.44	3.97	19.65	17.42	1457.1 8/3	1348.7 19/1	1457.1 8/3/93	654.5 14/1/86
FT-SE SmallCap	1589.00	+0.2	1585.09	1586.75	1584.27	-	4.62	3.59	31.02	[illegible]	1589.00 30/4	1377.86 4/1	1589.00 30/4/93	1363.79 31/12/92
FT-SE SmallCap ex Inv Trusts	1600.66	+0.2	1596.69	1597.69	1596.97	-	5.11	3.79	28.94	16.17	1600.66 30/4	1380.05 4/1	1600.66 30/4/93	1363.79 31/12/92
FT-A ALL-SHARE	1388.88	+0.8	1377.21	1382.18	1385.52	1285.55	6.33	3.95	20.10	17.02	1438.22 8/3	1330.19 19/1	1438.22 8/3/93	61.92 13/12/74
1 CAPITAL GOODS(209)	981.15	+1.1	970.54	974.44	978.13	869.01	5.48	3.92	23.92	13.63	981.15 30/4	869.86 13/1	1036.07 16/7/87	50.71 13/12/74
2 Building Materials(27)	1058.97	+2.1	1035.08	1038.99	1042.62	1085.68	4.56	4.69	28.25	16.49	1058.97 30/4	882.60 12/1	1391.06 16/7/87	44.27 11/12/74
3 Contracting, Construction(33)	967.65	+1.4	954.47	960.39	967.30	1021.14	2.84	3.49	89.00†	9.96	976.57 23/4	716.01 2/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals(15)	2782.82	+0.9	2758.22	2774.91	2785.86	2578.06	5.37	4.85	23.69	65.13	2782.82 30/4	2533.89 13/1	3040.80 8/8/89	84.71 25/6/62
5 Electronics(37)	2661.95	+0.9	2637.41	2653.29	2660.08	1986.60	5.96	3.00	21.24	18.34	2692.70 15/4	2304.14 18/1	2692.70 15/4/93	1229.01 8/10/85
6 Engineering-Aerospace(7)	374.65	+1.9	367.84	372.80	377.44	368.59	5.43	3.94	24.44	3.80	377.44 27/4	294.58 13/1	502.42 13/6/90	243.47 26/11/92
7 Engineering-General(61)	585.91	+0.7	581.85	580.86	580.07	534.57	6.80	3.73	18.67	7.00	587.22 15/3	519.76 12/1	567.62 20/5/92	336.57 25/1/91
8 Metals & Metal Forming(11)	408.10	+1.3	402.89	403.25	401.89	363.83	4.26	3.01	34.18	0.69	408.10 30/4	319.37 5/1	398.67 9/10/87	49.65 6/1/75
9 Motors(18)	404.94	+0.5	402.94	402.68	400.71	363.98	8.01	5.45	38.53	8.47	408.60 3/2	380.98 25/1	411.42 13/10/87	19.91 6/1/75
10 Other Industrials(18)	2068.79	+0.7	2054.09	2064.05	2067.81	1812.42	5.73	3.97	21.40	38.77	2133.68 1/4	1945.15 19/1	2133.68 1/4/93	277.35 15/1/81
21 CONSUMER GROUP(234)	1650.74	+0.9	1636.71	1641.36	1659.40	1709.79	6.94	3.42	17.85	17.08	1773.10 4/1	1623.35 8/4	1773.10 4/1/93	61.41 13/12/74
22 Brewers and Distillers(28)	1930.90	+1.0	1911.38	1911.80	1947.34	2192.56	8.34	3.74	14.06	20.00	2081.43 4/1	1902.76 7/4	2276.85 11/5/92	60.47 13/12/74
25 Food Manufacturing(22)	1357.03	+0.7	1347.59	1352.11	1364.05	1276.46	7.36	3.72	16.51	21.23	1471.34 10/3	1323.45 13/1	1471.34 10/3/93	59.67 11/12/74
[illegible]														
71 Investment Trusts(100)	[illegible]													
99 FT-A ALL-SHARE(804)	1388.88	+0.8	1377.21	1382.18	1385.52	1285.55	6.33	3.95	20.10	17.02	[illegible]	1330.19 19/1	1438.22 8/3/93	61.92 13/12/74

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	2793.8	2793.9	2800.4	2803.8	2803.5	2803.1	2805.5	2809.5	2813.5	2813.1	2813.6	2793.6
FT-SE Mid 250	3112.8	3115.7	3120.2	3122.8	3124.2	3125.2	3128.9	3128.3	3131.4	3132.1	3132.1	3112.8
FT-SE-A 350	1393.2	1393.6	1396.5	1398.1	1398.2	1398.1	1399.1	1400.9	1402.7	1402.8	1402.8	1393.2

FT-SE Actuaries 350 Industry Baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Prev close	change
Constrcn	1871.2	1872.9	1878.7	1879.2	1883.7	1883.7	1883.7	1884.2	1891.8	1891.1	1866.3	+24.8
Health&H	1048.8	1046.0	1047.6	1048.8	1048.5	1047.7	1050.7	1053.0	1058.2	1055.6	1043.3	+12.3
Water	1377.7	1378.3	1384.4	1385.0	1390.5	1386.7	1388.8	1391.2	1394.0	1394.0	1377.5	+16.5
Banks	1633.8	1637.1	1642.9	1639.3	1634.0	1633.5	1634.5	1639.4	1640.2	1640.3	1632.3	+8.0

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE SmallCap	31/12/92	1363.79	Engineering - General	29/12/89	486.00	Other Financial	31/12/70	128.06
FT-SE SmallCap ex Inv Trust	31/12/92	1363.79	Water	29/12/89	1596.45	Food Manufacturing	29/12/67	114.13
FT-SE Mid 250	31/12/85	1412.60	Conglomerates	31/12/88	1114.07	Food Retailing	29/12/67	114.13
FT-SE-A 350	31/12/85	682.94	Telephone Networks	30/11/84	517.92	Insurance Brokers	29/12/67	96.67
FT-SE 100	31/12/83	1000.00	Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Business Services	31/12/90	999.65	Other Industrial Materials	31/12/80	2287.41	British Government	31/12/75	100.00
Electricity	31/12/90	999.65	Health/Household Products	30/12/77	261.77	Do. Index-linked	30/4/82	100.00
Media	31/12/90	1226.68	Other Groups	31/12/74	63.75	Debs & Loans	31/12/77	100.00
Engineering - Aerospace	29/12/89	486.00	Industrial Group	31/12/70	128.20			

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

[illegible]

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
[illegible] Equity	159.5	168.5	+1.0	-
Accum Equity	244.5	258.0	+1.5	-
Accum Managed	253.0	273.0	+1.0	-
[illegible] Five Star	194.0	204.5		-
Accum Bond	141.5	149.5	+0.5	-
Accum Emerg Mkts	220.0	238.5	+0.5	-
Pens Acc Equity	271.5	286.5	+1.5	-
Pens Acc Managed	342.0	360.5	+2.0	-
Pens Acc Emerg Mkts	268.0	283.0	+14.5	-
Pens Acc Deposit	234.0	247.0	—	-
Pens Acc Five Star	217.5	229.5		-
Providence Capital Life Assc. Co Ltd				
[illegible] Way, Hook Hants RG27 9XA 0256 765298				
UK Equity Acc	262.5	276.9	+1.0	-
UK Fixed Int Acc	219.4	231.5	-0.2	-
Int Equities Acc	223.0	235.3	+1.0	-
UK Managed Acc	191.9	202.4	-0.6	-
Property Acc	221.1	233.3		-
Money Acc	145.9	154.0		-
Special Market Acc	185.2	195.4	+0.2	-
Japan Equity Acc	119.8	126.4	+3.7	-
North American Acc	142.0	149.8	-0.5	-
Pacific Acc	136.7	144.3	+1.5	-
European Acc	123.3	130.1	+0.8	-
Hong Kong Acc	116.6	123.1	-0.4	-
Int Fixed Interest Acc	73.6	77.7		-
Int Managed Acc	69.4	73.2	-0.4	-
HIP Managed II Acc	118.9	125.4	+0.3	-
HIP Managed III Acc	129.7	136.8	+0.6	-
Balanced Growth Acc	114.3	120.5	—	-
Building Society		100.0	—	4.30
Total Investment Bond				
UK Equity Initial		175.4	+0.6	-
UK Fixed Int Initial		147.0	—	-
Int Equities Initial		148.2	+0.6	-
UK Managed Initial		128.5	+0.3	-
Property Initial		149.1	—	-
Money Initial		98.2		-
Special Market Initial		141.4	+0.2	-
Japan Equity Initial		91.4	+2.6	-
North American Initial		108.4	+0.4	-
Pacific Initial		104.3	+1.0	-
European Initial		108.7	+0.7	-

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd – Contd.				
Gartmore Mngd Ser B	254.9	268.4	-1.1	-
Gartmore Euro Ser B	181.3	193.0	+0.3	-
Gartmore Global Ser D		142.4	+0.1	-
Gartmore NA Ser D		168.4	+0.7	-
Gartmore Pacific Ser D		227.5	+0.3	-
Henderson Acc Ser D		174.6	-0.2	-
Perpetual Mng Ser D		193.5	-0.1	-
Framlington Mn Ser D		181.4	-0.3	-
Gartmore Mngd Ser D		219.7	-0.9	-
Gartmore Euro Ser D		127.0	+0.2	-
Baring Funds				
Eastern	282.8	297.7	-0.2	-
European Smlr Cos	161.0	169.5	-0.3	-
Managed	179.9	189.4	+0.2	-
Gartmore Funds				
British	320.4	337.3	+1.8	-
European	215.8	227.2	-0.5	-
Frontier Markets	142.2	149.7	-0.7	-
Global Bond	110.5	116.4	—	-
Gold Intl Resources	81.4	84.7	+1.5	-
High Inc	259.3	273.0	-1.3	-
Hong Kong	334.4	352.0	-1.7	-
Income	389.7	410.3	+7.1	-
Japan	401.8	423.0	+10.6	-
UK Smlr Cos	275.7	290.3	—	-
Man Gth	398.4	419.4	+1.3	-
Global Inc & Gwth	151.1	159.1	—	-
Pacific Growth	249.5	262.7	+0.5	-
INVESCO MIM				
European Smaller	138.6	145.9	+0.7	-
Sth & East Asia Gwth	263.6	277.4	-1.1	-
Inc Growth	279.7	294.5	+1.2	-
Japan Smlr Cos	223.4	235.2	+5.4	-
Man Growth	224.4	236.3	+0.9	-
Gilt	77.5	81.6	-	-
Perpetual Funds				
International Growth	131.7	138.7	+0.8	-
American Growth	189.3	199.2	-0.5	-
Intl Emerging Cos	178.6	188.0	+1.2	-
European	163.0	171.6	-1.6	-
Managed	160.1	168.6	+0.4	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS 051-230 3000				

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

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Capital House Fund Mgrs (CI) Ltd (0900)H
PO Box 189, St. Helier, Jersey 0534 74689

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Equity	5½	1.444	1.464	1.554	[illegible]	-
North American	5½	1.605	1.734	1.840	-	-
Japanese	5½	1.715	1.734	1.840	+0.06	-
Pacific Basin	5½	3.205	3.285	3.486	[illegible]	-
Continental Europe	5½	2.405	2.435	2.584	[illegible]	-
Gold	5½	0.929	0.929	0.982	-	-
Hong Kong		1.4175	1.4175	1.5000	-	-
Sterling Bond	5½	1.902	1.902	2.017	[illegible]	6.43
International Bond	5½	2.204	2.204	2.339	[illegible]	4.53
US Dollar Bond	5½	1.665	1.665	1.765	[illegible]	4.32
£ Sterling	0	31.12	31.12	31.12	-	4.86
US$	0	20.60	20.60	20.60	-	2.00
Japanese Yen	0	Y4002	4002	4002	-	2.71
D Marks	0	[illegible]	70.11	70.11	+0.01	7.10
Ecu's	0	[illegible]	33.67	33.67	-	8.10
Int'l Portfolio	5½	1.904	1.927	2.045	[illegible]	0.00
Managed Currency	5½	2.458	2.456	2.603	[illegible]	1.95

Gartmore Fund Managers International Ltd
PO Box 278, 45 La Motte St., Jersey 0534 27535

Schroder Worldwide Selection Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
American	$15.10	16.02	+0.05	-
Asian Smlr Mkts	$19.15	20.34	+0.08	-
European	$11.00	11.68	-0.09	-
Gold	$3.989	4.245	+0.062	-
Japanese	$32.11	34.13	+0.90	-
Pacific Basin	$23.19	24.64	+0.16	-
S'pore Indo Malaysia	$11.31	12.02	+0.14	-
Utd Kingdom	$10.25	10.88	+0.01	-
Worldwide	$17.22	18.29	+0.14	-
Worldwide Income	$10.85	11.53	-0.02	-
Worldwide Warrant	$6.049	6.409	-0.054	-
Worldwide Guaranteed	$11.24	11.90	+0.03	-
Worldwide	$10.28	10.91	+0.04	-

Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

	Bid Price	Offer Price	+ or -	Yield Gross
TSB Jsy Equity Fd	45.5	47.8	-0.40	1.78
TSB Island Pension	451.8	475.6	-	-
TSB Gilt Fd (Jsy) Ltd	104.35	107.78	-0.06	7.80

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

Fidelity Funds - Contd.

Five Arrows Asia Pacific Fund

Fleming Group (u)

Gartmore Indosuez Funds

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Global Asset Management-Contd.

ORIENT Growth Fd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$10.75		+0.04	-

PFC Internatl Portfolio Fd Mngt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Specialist Growth Fd	$3.05		-	-
Balanced Growth Fd	$2.60		-	-
Sterling Income Fd	£1.65		-	-
PFC-LCC & B	$12.56		-	-
PFC LCC & B Stg Class	£10.34		-	-
PFC Cap Global P'folio	$13.10		-	-
PFC Dynamic Mkts P'folio	$11.27		+0.05	-

PBS International

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:30 pm)

April 30	US$	+ or –
AAR Corp	12¾xd	-⅛
AMP Inc	61	+⅜
AMR Corp	67¼	-⅞
ASA	45½	-½
Abbott Labs	27⅞	+½
Acme Cleveland	9⅛	+⅛
Advanced Micro	28¼	-1
Aetna Life	52⅛xd	-2⅜
Affiliated Publ	12⅞	+⅛
Aflac	37⅞	+⅛
Ahmanson (HF)	18¼	+⅛
Air Prod & Chemical	43⅝	....
Alberto-Culver B.	25⅛	-⅛
Albertson's	54⅝	+½
Alcan Aluminum	18¼	+⅛
Alco Standard	47⅛	+⅞
Alexander & Alex	25⅞	+⅝
Alex & Baldwin	25½xd	+1⅜
Allegheny Power	52	-⅞
Allied Signal	65	+1½
Aluminum Co of Am	66⅛	+⅛
Amax	16⅝	-⅛
Amdahl Corp	4.87	-.13
Amerada Hess	54	-
Amer Brands	31⅜	-⅞
Amer Cyanamid	52⅝	+⅞
Amer El Power	37	-⅛
Amer Express	27⅞	-⅛
Amer Genl Corp	30	-⅛
Amer Greetings A	54	+1
Amer Home Pr	66¾	-⅞
Amer International	125⅛	+⅞
Amer Natl Ins	53½	-1½
Amer Stores	40⅝	+⅞
Amer T & T	55⅞	-⅛
Ameritech	76	+⅞
Ametek Inc	15⅛	+⅛
Amoco	55	+⅛
Analog Devices	19⅛	+⅛
Anheuser-Busch	47¾	-⅛
Aon Corp	51⅞	-⅞
Apple Computer	51⅝	+⅞
Archer Daniels	25⅛	+⅛
Arkla	9	-⅛
Armco	7⅛	+⅛
Armstrong World	33	+⅛
Asarco	20⅛	....
Ashland Oil	26⅛	+⅛
Atlantic Richfield	125	+⅛
Auto Data Pro	49⅛	+½
Autodesk	40⅝	+⅝

April 30	US$	+ or –
DSC Commun	34	+½
DQE	34½	+⅞
Dana Corp	49⅞	+1
Data General	9½	-⅛
Dayton Hudson	71	—
Deere	60	-½
Delmarva Powr & L	23⅛	—
Delta Air Lines	58	+⅞
Deluxe Corp	44⅞	+⅛
Detroit Edison	35	-⅛
Dial Corp Del	38½	+½
Diebold Inc	41⅝	—
Digital Commn	12⅞	-⅛
Digital Equipment	43⅞	+½
Dillard Dept St	38	+⅛
Disney (Walt)	40¼	-1
Dole Food Inc	35⅞	+1⅛
Dominion Res	43⅞	-⅛
Donelley (RR)&Sons	28⅞	-⅛
Dover Corp	46⅝	-1
Dow Chemicals	54⅞	-⅛
Dow Jones	30⅞xd	-⅝
Dravo Corp	9½	-⅛
Dresser	20⅞	-⅞
Dreyfus Corp	38xd	+½
Duke Power	39¼	+⅛
Dun&Bradstreet	58⅞	-½
Du Pont	51⅞	-1⅛
E G & G Corp	23⅛	-⅛
E-Systems	40¼	-⅛
Eastern Enterprises	27¼	-⅝
Eastman Kodak	48⅞	+⅞
Eaton Corp	81¼	+1
Echlin Inc	24⅝	....
Emerson Electric	57⅞	+⅛
Engelhard Corp	33¾	+1½
Enron Corp	56⅛	+½
Enserch Corp	18¾	+⅛
Entergy Corp	35½	....
Ethyl Corp	28¾	+⅛
Exxon	66⅛	+⅛
FMC Corp	49¾	-⅛
FPL Group	37½	-⅛

April 30	US$	+ or –
King World Prods	32⅞	-⅛
Knight-Ridder	57	-⅞
Kroger	19⅛	+⅛
LSI Logic	11⅛	+½
Leggett & Platt	35¾	+⅛
Leucadia Natl	38⅞	....
Lilly (Eli)	49¼	+⅞
Limited Inc	22	-⅞
LIN Broadcasting	89¼	+2
Lincoln Nat	80⅛	+⅞
Litton	57⅞	-⅛
Liz Claiborne	34⅞	+⅝
Lockheed Corp	62	-½
Loews Corp	98½	—
Lone Star	1.87	+.13
Long Island Light	27½	+⅛
Longs Drug Stores	33½	-⅛
Loral Corporation	54⅛	-⅝
Lotus Dev Corp	26	+½
Louisiana Land	42⅝	+⅛
Louisiana Pacific	73¼	+3⅛
Lowe's Co Inc	30⅛	+1
Lubrizol	32¾	+⅞
MA Comm Inc	6½	+⅛
MCI Commun	46⅞	-⅛
Mac Frugals Bargain	17⅞	+⅛
Manor Care	20½	+⅛
Manville Corp	8½	-⅛
Mapco Inc.	51⅛	+⅛
Marion Merrell	17½	-⅛
Marriott	24¼	....
Marsh & McLennan	88¾	+½
Masco Corp	32	-½
Massmutual Corp	28½	-⅛
Mattel Inc	23⅝	-½
Maxus Energy	8⅞	+⅛
May Dept St	69¼	-⅞
Maytag Corp	13⅞	+⅛
McCaw Cellular	39⅞	+2⅛
McDermott	28¾	+⅞
McDonalds	48⅛	+⅝
McDonnell Douglas	60⅛	+½
McGraw Hill	61	-⅞
McKesson Corp	41¾	....
Mead Corp	45¼xd	-⅛

WORLD STOCK MARKETS

AMERICA

Dow gains momentum on program buying

Wall Street

A COMBINATION of computer program buying and renewed interest in cyclical stocks helped US equity markets to end the week on an upbeat note yesterday, *writes Patrick Harverson in New York.*

At 1pm, the Dow Jones Industrial Average was up 17.83 at 3,442.95. The more broadly based Standard & Poor's 500 was 3.08 higher at 441.97, while the Amex composite was up 1.57 at 420.32, and the Nasdaq composite up 5.88 at 664.33. Volume on the NYSE was 143m shares by 1pm, and rises outnumbered declines by 1,152 to 559.

Thursday's late rally, when prices recovered from early losses to end broadly higher, set the tone for a confident start to trading. Within minutes of the opening, the Dow was up almost 15 points as buying followed through from the end of the previous session.

Dealers said that buying was a mixture of computer program trading, and some end-of-month acquisitions by big institutions. Sentiment was also buoyed by news that flows of investors' cash into stock mutual funds had reached record levels in March and the first quarter, and by an early decline in bond yields. Even though bond yields later reversed their course, share prices held on to their gains.

Economic news was mostly ignored because of the conflicting nature of the reports. Personal income rose 0.6 per cent in March, but personal spending fell 0.2 per cent and factory orders dropped 1.5 per cent, also last month.

The Chicago Purchasers' index of local manufacturing activity, meanwhile, showed a big decline for April.

Interest in cyclical stocks revived, in spite of recent poor economic news. Allied Signal rose $1½ to $65, International Paper added $¼ at $65⅝, Minnesota Mining & Manufacturing firmed $½ to $112 and Alcoa rose $⅝ to $66⅝.

General Motors firmed $⅜ to $41¼, possibly lifted by the news that it will vigorously contest government charges that some 4.7m GM pickup trucks with side-saddle fuel tanks are unsafe. Yesterday GM rejected federal requests that all of the trucks be recalled.

Aetna jumped $2⅜ to $52½ after the life and casualty insurer announced first quarter net income of $166.3m, well up on the $118.7m earned in the same period a year ago.

Eastman Kodak rose $⅛ to $48⅜ on reports that the company plans to sell a major asset in order to improve shareholder value.

On the Nasdaq market, Lin Broadcasting climbed $1⅞ to $89⅝ after broking house Prudential Securities upgraded its rating on the stock from a "sell" to a "buy".

Canada

TORONTO held onto modest gains at midday as strength in banking shares continued to provide direction, but losses in gold shares after several sessions of sharp increases kept gains modest. The TSE-300 index rose 13.64 to 3,768.70 in volume of 31m shares valued at C$344m.

EUROPE

Milan cast adrift by political crisis

WITH a cut in German short end rates yesterday the expectation is for a further easing in European interest rates next week, *writes Our Markets Staff.* Amsterdam was closed for a public holiday.

MILAN went on a roller-coaster ride as the spectre of political instability returned to haunt the market. Private domestic investors began the day with a sell-off of blue chips which left the broad market about 5 per cent lower.

But around lunchtime institutional investors returned as buyers and prices recovered some of the lost ground. The Comit index ended 12.83 or 2.4 per cent lower at 526.30, down 1 per cent on the week. Trading was extended on the screen-based telematic system to cope with the unusually high turnover.

An analyst at Intersim in Milan said: "After the early sell-off, institutions – both foreign and domestic – could not believe their luck that they were able to buy at the lower levels.

"The situation in the later part of the day changed dramatically from the emotions that were seen earlier as a more rational attitude appeared. If, over the weekend, the political situation can be put in order, I think that we could see the index resuming its upward trend on Monday."

Mr John Stewart of Pastorino in Milan said: "It was a remarkable turnaround after the early panic. This is a volatile situation but I believe the financial markets had already discounted the likelihood of political problems along the way for Mr Ciampi."

Among the blue chips, Fiat fell L292 or 4.2 per cent to fix at L6,557 but picked up to L6,720 after-hours.

BCI which was marked 5.8 per cent down early in the day recovered to end L46 lower at L4,938 with 5¼m shares traded. Generali, down 4.5 per cent at an early L35,800, picked up to fix at L36,500 before L37,000 after hours.

Olivetti bucked the weak market on Thursday's news that Digital Equipment was bringing forward its purchase of a 4 per cent stake and was underwriting part of Olivetti's rights issue.

Montedison added L28 to fix at L1,178 before L1,188 after hours as the EC approved the sale of its pharmaceutical division to Procordia.

PARIS suffered a temporary breakdown in its bourse computer as turnover swelled to a record FFr5.2bn on expiration of futures and options contracts. The CAC-40 index ended 18.48 higher at 1,939.03, a gain of 1.2 per cent on the week. The market is now looking ahead to next Wednesday when Prime Minister Edouard Balladur is due to reveal his budget proposals.

Michelin lost 6 per cent as the shares dipped FFr9.10 to FFr143.50 on expectations of heavy losses in 1993.

Euro Disney, FFr2.10 ahead at FFr73.50, picked up some of the ground lost earlier in the week on the appointment of a new chief financial officer.

Among financials switching was noted out of CCF, down FFr7.80 to FFr236.20, and into SocGen, up FFr17 at FFr619.

FRANKFURT closed higher for the first time since April 19 on short covering and light bargain hunting. The DAX index rose 3.25 to 1,627.19, down 1.8 per cent on the week.

Bayerische Vereinsbank, which announced a 4.4 per cent rise in first quarter operating profits, gained DM7 to DM444 while Lufthansa rose DM2.3 to DM106.8 on rumours of a tie-up with American Airlines.

STOCKHOLM firmed in thin trading due to the half-day holiday session. The Affärsvärlden index gained 7 to 1,030.5 up 0.3 per cent on the week in turnover of SKr572m. SE-Banken closed up SKr2.5 at SKr12. Mr David Longmuir at James Capel said that some investors were switching from other bank stocks which had advanced earlier in the week, but the issue could see profit taking in the near future.

HELSINKI continued its rally on lower money market rates and reports of an ore mine discovery in northern Finland. The HEX index rose 14 to 1,187.1, adding 6.1 per cent from the previous week. OSLO was also strong on a spate of earnings announcements. The All share index advanced 5.45 to a high for the year of 477.29, up 5.6 per cent on the week.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

April 30

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1140.38	1140.94	1141.55	1142.81	1143.39	1143.18	1143.91	1144.33
FT-SE Eurotrack 200	1202.16	1203.37	1203.73	1204.30	1204.38	1205.25	1208.62	1206.79

	Apr 29	Apr 28	Apr 27	Apr 26	Apr 23
FT-SE Eurotrack 100	1143.23	1154.98	1149.08	1152.81	1156.50
FT-SE Eurotrack 200	1199.62	1212.69	1213.85	1218.66	1223.66

Base value 1000 (26/10/90) High/day: 100 - 1144.88; 200 - 1209.59 Low/day: 100 - 1140.34 200 - 1202.11.

ASIA PACIFIC

Tokyo climbs 2.2 per cent to a new high for the year

Tokyo

EQUITIES climbed 2.2 per cent to a new 1993 high amid foreign exchange rate stability following the G7 accord in Washington, *writes Wayne Aponte in Tokyo.*

The market was closed on Thursday for a national holiday.

The Nikkei average gained 464.61 to 20,919.18, up 6.7 per cent on the week, after opening at a low of 20,502.06. The Topix index of all first section issues rose 28.03 at 1,620.79 and in London the ISE/Nikkei 50 index rose 2.14 to 1,282.87.

Volume was estimated at 650m shares. Advancing issues outpaced declining ones by 967 to 132, with 78 unchanged.

Brokers said that the Nikkei had been expected to decline yesterday on profit-taking before next week's Golden Week holiday. The market will re-open next Thursday. However, heavy buy orders from foreign investors offset the day's selling pressure and generated a broader rally.

But one broker at a Japanese securities house said hopes that the Nikkei average would trade higher after the holiday, based on historical chart movements, fuelled most of the session's gains.

Nippon Oil, the day's most active issue, moved Y58 higher to Y854 in reaction to the G7 news to limit the yen's advance against the dollar.

Telecommunications equipment manufacturers also gained ground, with Fujitsu up Y39 at Y800 and Mitsubishi Electric rising Y26 to Y629.

Computer software companies advanced on reports that Sumitomo Bank intends to upgrade its on-line system and speculation that other national banks may follow. CSK, the largest software developing company, gained Y250 at Y3,320 and Ines, a major data service company, rose Y150 to Y1,520. In Osaka, the OSE average ended 343.85 higher at 22,628.08, in volume of 39.3m shares.

Roundup

THERE were mixed performances yesterday.

MANILA closed at a record high, although investors took some of the profits made during the week. The composite index rose 9.74 to 1,604.33, 5.7 per cent higher on the week.

Analysts say that excess cash in the system has been driving the market, boosting not only blue chips but also second liners.

TAIWAN finished off its highs as profit-taking emerged in late trading. The weighted index, which gained more than 90 points at one stage, ended 36.85 higher at 4,563.52, little changed on the week, in turnover that rose to T$38.7bn.

Reports that Washington would place Taiwan on a "priority watch" list of unfair traders, instead of the more serious "priority country" list helped the market's mood.

BANGKOK edged up from the day's worst levels in the last few minutes of trade but still closed at the year's low.

Sales of shares in finance and securities firms left the SET index almost 12 points lower at one stage. However, the index pulled up to finish a net 4.28 easier at 845.29 or 6.2 per cent lower on the week in turnover of Bt3.3bn. It was the fifth day straight day of losses.

KUALA LUMPUR saw further strength on demand for issues linked to the Morgan Stanley Capital International index. The composite index rose 14.61 to a new high of 719.61, up 4 per cent from the previous week. Volume rose to 548.1m shares.

AUSTRALIA edged up on cautious trading, but turnover surged on options related trading. The All Ordinaries index advanced 1.2 to 1,681.5, but lost 1.2 per cent on the week. Turnover totaled A$914.8m as investors exercised options on Westpac Banking and Broken Hill Property shares. Gold stocks regained strength, with Plutonic Resources, which announced a gold discovery this week, rising 78 cents to A$4.50.

HONG KONG eased on profit taking with the Hang Seng index closing down 53.54 at 6,830.51, 1.1 per cent higher on the week. Turnover was HK$4.3bn. Issues which had shown strong performance recently met heavy selling: Hang Seng Bank lost HK$1 to HK$57.

SEOUL retreated as profit-taking overwhelmed late buying by institutional investors. The composite index fell 3.19 to 721.57, losing 1.9 per cent from the previous week.

NEW ZEALAND turned back after Thursday's peak in volume that fell to around half that of the last few days. The NZSE-40 index fell 16.13 to 1,611.74, little changed on the week.

Analysts suggested that some investors may have taken fright at news that Chile's Copec, which is 30 per cent owned by Carter Holt Harvey, may report a first quarter net profit fall of some 50 per cent. CHH ended 7 cents down at NZ$3.07.

BOMBAY fell on the release of some disappointing company reports. The BSE index lost 21.97 to 2,122.30.

JAKARTA was higher on domestic buying concentrated on companies which have reported a sharp rise in net profit and have sound fundamentals. The official index rose 0.88 to 314.10, barely changed on the week.

Jakarta International Hotel, which reported a 115 per cent rise in net profit, moved up Rp550 to Rp8,050. In spite of a a 61.2 per cent decline in net profit, Astra International gained Rp200 to Rp11,900.

Singapore equities burst into activity

Excess liquidity has been driving the market higher recently, writes **Kieran Cooke**

At last Singapore's brokers have something to get excited about. For much of the past year the equity market has been in the doldrums, overshadowed by the more spirited performances of markets elsewhere in the region, particularly those of Hong Kong and Kuala Lumpur.

But not any more. Singapore has burst into life, with the local Straits Times Industrials Index rising about 40 per cent since last October.

Earlier this week the index hit an all time high of 1,797 – up from around the 1,500 mark at the beginning of the year and 1,300 in the middle of 1992.

Since then the index has eased, closing yesterday at 1,783 for a gain of 0.6 per cent on the week.

The recent spurt was initially prompted by heady activity in nearby Kuala Lumpur, with Malaysia related stocks accounting for the bulk of transactions.

But in the last few days Singapore companies have been leading the charge. Sembawang and Keppel, two of Singapore's biggest shipyards, have been riding high. So have the local banks and companies in the property sector.

Good economic fundamentals are partly behind the new found market optimism. Last year the economy grew by 5.8 per cent and official GDP growth projections for this year are conservatively put at between 6 and 7 per cent.

Singapore's all-important export sector is also performing exceptionally well. Government figures released this week indicate that first quarter non-oil exports were up 20 per cent on the equivalent period last year.

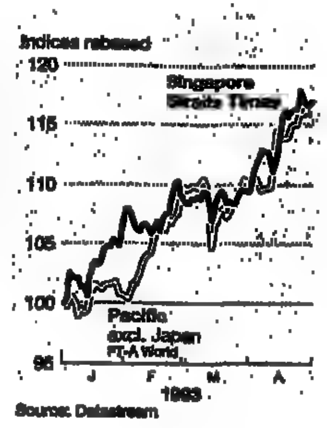
Market sentiment is tending to reflect broader regional trends. For instance, the rally in Hong Kong, due to the resumption of talks with China, has buoyed up the Singapore market.

But the main factor behind the rise is an excess of liquidity. Both corporate and personal taxes were cut in a budget earlier this year. The government is actively encouraging wider share ownership, allowing larger portions of the Citizens Provident Fund, a mandatory savings scheme, to be invested in stocks.

"It's the sheer weight of money available in Singapore that is driving the market up," says Mr Tom Inglis of Peregrine Securities.

"Bank deposit rates are only 1.5 per cent. People can go and buy a house, but they are very expensive. Instead they are putting their money into the market."

Now about 15 per cent of Singaporeans own shares. The government wants to bring that up to around 30 per cent – in part to counter criticisms that the island republic's wealth is not being adequately spread among the population.



Source: Datastream

A number of partial privatisations of big state controlled companies will add much needed depth to the market. There have also been a number of new listings, most of them massively oversubscribed. The floatation of Singapore Telecom (ST), the state owned telecommunications and postal service, likely in August or September, is being billed as the largest public listing yet in the region.

Brokers say that the market will probably value ST at S$10bn-S$15bn ($6.2bn-$9.4bn). About 25 per cent of ST is likely to be floated, with some 15 per cent available to foreigners. It's estimated that the floatation will add about 15 per cent to total market capitalisation.

Brokers say that foreign fund managers are showing renewed interest in Singapore in the run up to this flotation. The government has already said that it plans further sell-offs of state enterprises, including stakes in the Port of Singapore Authority and the electricity and gas divisions of the public utilities board.

Some companies are rushing to the market in advance of the ST floatation. Keppel Bank, part of the Keppel conglomerate, is likely to be listed next month and listed companies are tapping the market for more funds.

Analysts say that even with the ST floatation and other company listings there is no sign of market liquidity drying up.

"Plenty of money, particularly local, is still going into the market," says one broker. "Some shares are overvalued but there's little sign that people are backing off. Right now there might not be many bargains in Singapore but long term it's still one of the best bets in the region."

SOUTH AFRICA

A late recovery in the bullion price lifted gold shares off the day's lows. The index ended down 36 at 1,461, while industrials gained 10 to 4,371 and the overall lost 15 to 3,733. De Beers shed R1.50 to R78.25 and Kloof R1.25 to R45.75.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY APRIL 29 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY APRIL 28 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (68)	139.11	-1.3	131.28	98.13	114.38	129.35	-1.6	3.82	140.93	132.96	100.13	116.21	131.51	144.19	117.39	150.38
Austria (18)	141.74	-0.2	133.76	99.99	116.54	115.99	-1.0	1.79	142.02	133.98	100.91	117.10	117.11	150.96	131.16	163.85
Belgium (42)	148.88	-0.9	140.50	105.02	122.41	119.51	-1.0	4.74	150.21	141.71	106.72	123.86	120.76	156.76	131.19	138.94
Canada (110)	126.87	+1.4	119.73	89.49	104.31	116.86	+1.3	2.85	125.15	118.07	88.91	103.19	115.41	128.87	111.41	126.61
Denmark (33)	215.31	+0.6	203.19	151.89	177.03	178.26	+0.3	1.27	214.10	201.98	152.12	176.53	177.77	217.26	185.11	228.83
Finland (23)	96.69	+3.4	91.25	68.21	79.50	109.77	+3.1	1.12	93.55	88.26	66.47	77.14	106.42	96.69	65.50	78.32
France (98)	161.26	-0.6	152.19	113.75	132.58	134.83	-0.9	3.34	162.19	153.01	115.23	133.72	136.11	167.36	142.72	160.37
Germany (62)	113.64	-0.2	107.24	80.18	93.43	93.43	-0.5	2.28	113.87	107.43	80.92	93.89	93.89	117.10	101.59	117.52
Hong Kong (55)	277.23	+0.0	261.63	195.57	227.95	275.06	+0.0	3.37	277.23	261.55	196.97	228.60	275.03	277.23	218.82	222.64
Ireland (15)	162.87	-1.1	153.71	114.90	133.92	149.02	-1.2	3.56	164.68	155.36	117.01	135.79	150.78	170.40	129.28	162.83
Italy (73)	69.24	-1.5	65.34	48.84	56.92	76.22	-1.2	2.59	70.31	66.33	49.95	57.97	77.17	70.44	53.78	70.99
Japan (470)	142.58	+0.7	134.56	100.58	117.25	100.58	+0.0	0.83	141.57	133.56	100.58	116.75	100.58	142.58	100.75	97.83
Malaysia (69)	315.36	+1.1	297.62	222.46	259.29	312.21	+1.1	2.16	312.05	294.40	221.70	257.30	308.93	315.36	251.66	238.61
Mexico (18)	1494.50	-4.8	1410.40	1054.28	1228.81	5083.40	-4.3	1.33	1569.57	1480.77	1115.18	1294.20	5313.65	1725.81	1410.30	1672.31
Netherland (24)	167.95	-0.8	158.50	118.48	138.10	138.22	-1.1	4.08	169.38	159.79	120.34	139.66	137.76	172.75	150.39	155.58
New Zealand (13)	49.32	+0.6	46.55	34.80	40.56	48.13	+0.6	4.54	49.03	46.26	34.84	40.43	47.84	49.32	40.56	44.40
Norway (22)	163.90	+0.3	154.68	115.62	134.76	148.72	+0.2	1.77	163.38	154.14	116.08	134.72	148.47	163.90	137.71	179.09
Singapore (38)	242.33	-0.1	228.69	170.95	199.24	180.46	+0.0	1.86	242.48	228.76	172.28	199.94	180.52	242.48	207.04	213.54
South Africa (60)	187.42	+3.3	176.87	132.21	154.09	187.57	+1.9	2.67	181.45	171.18	128.92	149.61	184.02	187.42	144.72	229.96
Spain (45)	131.18	-0.8	123.80	92.54	107.86	115.23	-0.8	5.24	132.19	124.71	93.92	108.99	116.16	132.82	115.23	147.69
Sweden (36)	171.67	-0.3	162.01	121.10	141.15	185.33	+0.2	1.82	172.15	162.41	122.32	141.95	184.96	174.66	149.70	183.63
Switzerland (55)	119.83	-0.3	113.08	84.53	98.54	106.23	-0.5	2.05	120.18	113.38	85.39	99.11	106.81	121.72	108.91	100.62
United Kingdom (218)	177.75	-0.4	167.74	125.38	146.13	167.74	-0.3	4.10	178.42	168.32	126.75	147.10	168.32	181.99	162.00	189.12
USA (519)	179.14	+0.2	169.05	126.37	147.29	179.14	+0.2	2.84	178.75	168.63	127.00	147.39	178.75	186.27	175.38	169.08
Europe (784)	146.23	-0.5	138.00	103.16	120.24	130.76	-0.6	3.42	146.89	138.58	104.37	121.13	131.49	149.02	133.92	149.10
Nordic (114)	163.77	+0.4	154.55	115.53	134.65	154.99	+0.5	1.61	163.19	153.96	115.95	134.56	154.17	165.12	142.18	172.40
Pacific Basin (713)	146.38	+0.6	138.15	103.27	120.36	106.69	+0.0	1.12	145.51	137.28	103.39	119.98	106.73	146.38	105.89	103.78
Euro-Pacific (1477)	146.20	+0.2	137.97	103.13	120.20	117.13	-0.3	2.06	145.96	137.70	103.69	120.34	117.43	146.26	117.26	122.10
North America (629)	175.87	+0.3	165.98	124.08	144.63	174.89	+0.3	2.84	175.40	165.48	124.64	144.66	174.43	182.38	171.51	186.40
Europe Ex. UK (546)	126.64	-0.5	119.51	89.38	104.15	109.83	-0.7	2.95	127.28	120.08	90.45	104.97	110.59	128.65	112.51	125.28
Pacific Ex. Japan (243)	184.10	-0.3	173.74	129.89	151.39	167.19	-0.4	3.25	184.57	174.13	131.16	152.21	167.80	184.84	152.70	164.34
World Ex. US (1665)	146.77	+0.2	138.51	103.55	120.68	119.14	-0.2	2.08	146.47	138.19	104.08	120.78	119.40	146.77	118.51	124.47
World Ex. UK (1966)	154.60	+0.3	145.90	109.07	127.13	134.63	+0.0	2.19	154.18	145.46	109.55	127.15	134.65	155.77	134.22	133.80
World Ex. So. Af. (2124)	156.54	+0.2	147.73	110.44	128.72	137.25	-0.1	2.37	156.25	147.41	111.03	128.85	137.34	157.88	137.29	137.96
World Ex. Japan (1714)	165.90	+0.0	156.56	117.04	136.43	158.09	-0.1	3.05	165.92	156.53	117.90	136.83	158.20	168.09	157.47	161.43
The World Index (2184)	156.64	+0.2	147.82	110.50	128.80	137.70	+0.0	2.37	156.31	147.47	111.06	128.90	137.76	157.83	137.32	138.57

Latest prices were unavailable for this edition. Japanese market closed April 29.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

BRITISH FUNDS - Cont.

Index-Linked

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¼xd	-⅛	20¼	15⅞	14,332	2.5
Allegheny & W	♥	482p	+6	571p	379p	256.2	3.8
Amdahl		318p	-32	591p	318p	367.1	2.0
Amer Cyanamid		33	—	38⅛	31¼	2,976	3.1
Amer Express		18⅝xd	+½	19½	14½	8,834	3.5
Amer T & T		35¼xd	-⅛	40⅛	33⅛	47,543	2.3
Ameritech		47⅛	-⅛	52⅞	45	20,806	4.8
BankAmerica		29¼xd	-⅛	38¼	27⅞	18,196	3.0
Bankers NY		44⅜xd	-¾	51⅞	42⅝	3,556	4.4
Bell Atlantic		32¾	-¾	39⅛	32¼	14,177	5.1
BellSouth		33¾	—	39⅞	33⅛	16,672	5.2
Bethlehem Steel	♥	11⅞xd	-⅛	13¼	10	1,074	-
Bowater		1367pxd	-9	1632p	1335p	495.3	1.8
CPC		28⅞xd	+⅛	34½	26	4,080	3.0
Cactus Land Inc	♥	63½p	+2½	115p	50p	-	-
California Engy		1342p	—	1479p	1086p	244.3	-
Chase Manhattan		19⅛xd	—	24½	17⅛	2,989	4.0
Chrysler		25⅞xd	-⅛	28⅞	21¼	7,595	1.5
Citicorp		17⅛xd	+⅛	20⅞	13⅞	6,442	-
Colgate-Palm		37½xd	+⅛	45⅞	35¼	5,887	2.1
Conti Bank		1502p	-9	1877p	1278p	1,517	2.5
Dana		30⅝xd	—	34⅞	29⅞	1,417	3.3
Data General		612p	-6	951p	533p	169.9	-
Decora Inds	♥	125p	—	146p	109p	-	-
Dun & Brad		37½	-⅛	42⅛	37¼	6,883	4.1
Eaton		57⅛	-⅛	59⅛	50⅛	1,987	2.4
Echlin		15¾xd	+⅛	18⅛	15⅛	902.7	2.8
FPL		23⅞xd	+⅛	27⅞	23⅛	4,348	6.5
Ford Motor		34⅞xd	+⅛	38¼	28⅛	17,053	1.8
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- "Tip Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest anoual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other offical estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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FINANCIAL TIMES
Weekend May 1/May 2 1993

Washington move heralds new era of friction

US takes tough trade action against Japan

By George Graham in Washington and Robert Thomson in Tokyo

THE US yesterday launched a salvo of tough trade actions against Japan, Brazil, India, Thailand and several other trading partners.

The move provoked an immediate hostile response from Japan but also heralds a new era of trade friction with several other countries.

The measures target the Japanese government's procurement practices in construction and supercomputers, while taking aim at abuses of intellectual property rights in the other countries.

Mr Mickey Kantor, invoking US laws against foreign government discrimination on procurement, said President Bill Clinton's administration was "taking a different tack" from the Bush administration in seeking more rigorous enforcement of US trade laws and bilateral trade agreements.

The toughest action announced yesterday was against Japanese practices in awarding construction contracts. Citing "persistent and significant discrimination against US firms", Mr Kantor threatened sanctions within 60 days if the issue was not resolved.

Angry Japanese officials warned that they might retaliate against US contractors and insisted that their negotiations would not begin with the US under the threat of time limits or sanctions.

Japanese officials interpreted the move by the US trade representative's office as a sign of the Clinton administration's tougher stance on the bilateral trade deficit. But Japan also sees the US action as an opportunity to show that it will resist bilateral trade agreements.

Mr Kantor said yesterday: "The whole idea is to open markets, to build confidence and credibility in the trading system, not to act arbitrarily."

The US earlier this month used the same law to invoke sanctions against the European Community in the telecommunications and heavy electrical equipment sectors. Although talks have resolved the electrical equipment dispute, sanctions are due to be imposed in the telecommunications area.

Procurement practices were also listed as concerns in Australia and China.

Mr Kantor also complained that Japan discriminated against US supercomputer suppliers, and ordered a review of Japanese actions under the supercomputer agreement signed in 1990.

A senior Japanese foreign ministry official said the US move was "regrettable" and warned that Japan "cannot negotiate with a time limit or with unilateral threats". He said the timing of the US action could damage multilateral negotiations under the General Agreement on Tariffs and Trade.

"We are ready to discuss the construction market, but we will never do so under threat of sanctions," he said. "We may have to consider the possibility of retaliation."

Record fine for insurer over sales of pensions to nurses

By Norma Cohen, Investments Correspondent

INTERLIFE Assurance has been fined a record £160,000 by Lautro, the UK insurance industry's self-regulatory body, for persuading possibly hundreds of nurses to leave their employer's pension scheme and buy less attractive personal pensions.

Interlife, controlled by several continental European insurance companies, was also selling long-term endowment policies and whole-of-life policies – which do not pay off until the policyholder dies – to young student nurses on low incomes.

Lautro said Interlife's sales agents misled the nurses about the surrender terms of the endowment policies, which heavily penalise those who cancel them in the early years.

The number of policy-holders who can expect compensation has not yet been determined, but 70 to 80 complaints were found in the company's own files alone.

Lautro said the fine was the largest it had ever imposed. It might have been higher if regulators had not been concerned that Interlife could have become insolvent after victims had been compensated, according to Lautro.

Mr Sid Payne, Interlife's finance director, said a preliminary agreement to sell the company had been reached and was subject to approval from the Department of Trade and Industry. Mr Boris Sackville, chief executive, had recently resigned, he said. Between them, the two men own 3.8 per cent of Interlife's shares.

Its corporate shareholders are Athens-based Europolitan Investment Corporation (35 per cent), Sweden's Trygg-Hansa Life (20) Interamerican Group Athens (14), Interamerican Bermuda (15.2), and Aachener Re of Germany (12).

Interlife sold largely through a single "tied agency" sales force based in the Manchester area and targeted nurses and student nurses, visiting them in their residence halls despite specific instructions from hospital authorities not to do so. When complaints were made to the company about its sales agents, it did not investigate them.

The tied agent employed up to 20 agents at a time, sending them into hospitals and residences in teams of eight. Tied agents are not employed directly by an insurance company but agree to sell its policies exclusively.

Mr Payne said Interlife was no longer using the tied agent and its business had fallen sharply.

Lautro found breaches of 13 of its rules in a visit in June 1990 and found 15 more breaches in a follow-up visit less than two years later.

Complaints were made to Lautro after the nurses brought the matter to the attention of the National Health Service Pension Scheme. The scheme, under which employees contribute 6 per cent of their salaries, pays benefits based on a percentage of final salary and guarantees annual increases in line with inflation.

Matsushita ends electronics partnership with Philips

By Charles Leadbeater in Tokyo and Ronald van de Krol in Amsterdam

MATSUSHITA Electrical Industrial is to spend Y185bn (£1.09bn) to buy out Philips of the Netherlands from their loss-making joint venture in semiconductors. The deal will end one of the most enduring partnerships in electronics between a Japanese and European company.

For Philips, the divestment of its 35 per cent stake in the joint venture, Matsushita Electronics Corporation, is a significant step forward in efforts to cut its debts of Fl 15bn (£5.40bn).

Matsushita – the world's largest consumer electronics company which only two and a half years ago paid $6.1bn (£3.96bn) for MCA, the Hollywood film company – plans to pay for the transaction by the end of this month by drawing on retained earnings.

Philips has repeatedly said it would not sell entire divisions or reduce its 80 per cent stake in PolyGram, the London-based music company, as a quick way of easing its debt burden. The MEC sale will meet the key goal of debt reduction without reneging on previous promises or weakening the company's overall position in semiconductors and components.

The sale follows months of haggling over the price after Philips first approached Matsushita last autumn. Matsushita said the partners had decided to break up the joint venture because its operations had become too large and complex and its decision-making too cumbersome.

Matsushita executives said MEC's expansion into semiconductor markets outside Japan had brought the joint venture into increasing conflict with Philips' own semiconductor business.

MEC employs 18,000 of its 22,000 total workforce in Japan. It manufactures semiconductors in Japan, the US and Singapore and cathode ray tubes in the US, Malaysia and China. Philips will not say how large a book profit the transaction will yield. The company will hold a press conference on Wednesday to announce first-quarter results.

MEC, which is valued at Y528.5bn by the sale, is the world's 10th largest semiconductor manufacturer. It will become a wholly-owned subsidiary of Matsushita, its main customer for semiconductors. According to Dataquest, the research group, MEC had semiconductor sales worth $1.93bn last year.

The joint venture was set up in 1952, with Matsushita keen to gain access to Philips' innovative technology and Philips aspiring to break into the Japanese market.

Like Philips, Matsushita's finances are under severe strain. It is being hard hit by the slump in Japanese consumer spending and carries a heavy depreciation charge for past acquisitions.

See Lex

Italy seeks political consensus to avoid poll

Continued from Page 1

Monday to head Italy's 52nd post-war government.

Efforts to head off the storm of protest provoked by the Craxi vote centred on proposals to end parliamentary immunity in cases of corruption. However, a simpler proposal, which would not involve a change of the constitution, was for secrecy to be removed in voting.

Such secrecy is regarded as the reason behind the majority vote in favour of Mr Craxi. Some members of opposition parties like the populist Lombard League, the neo-fascist MSI and the hardline communist Reconstructed Communism are understood to have voted with Mr Craxi's allies in order to discredit the government and force early elections.

Italy's press yesterday emphasised the gravity of the situation, saying the stability of the country was at serious risk.

Newspapers doubted whether Mr Ciampi would be able to survive long enough to introduce new electoral laws. Mr Mario Segni, leader of the referendum movement, warned that "without electoral reform, the chamber of deputies could return up to 20 parties in a new election".

Up and down Italy in the major cities demonstrations were staged denouncing parliament and attacking Mr Craxi for seeking to hide behind its immunity.

Last night the PDS appeared firm in its decision to withdraw its three ministers who had spent less than ten hours with the science, finance and parliamentary affairs portfolios. The same applied to the Greens who pulled out of the environment ministry.

Banks' cover may increase

Continued from Page 1

to publish its own proposals after talks on a common set of rules with international securities regulators collapsed earlier this year.

Mr Corrigan said the Basle group would continue to seek agreement with securities regulators, as well as with the European Commission, which adopted its own directive on the subject last year. The Basle rules are stricter than the EC directive on foreign exchange risk and position risk of banks in the equities markets.

After consultation lasting to the end of this year, the proposals on market risk would not be produced until the middle of 1995. There would then be a long transitional period.

Brussels plan on E Europe

Continued from Page 1

"ceilings". This means east European exporters will not automatically face higher tariffs if they exceed their import targets, a senior EC official said.

The Commission paper fails to set a firm date for starting EC membership negotiations, but it offers all six countries that have association agreements with the EC a "clear commitment to eventual membership".

The third proposal is to allow the Commission's chief east European aid unit – Phare – to gain access to funds from the European Investment Bank and the EBRD.

Officials hope for final agreement on the programme at the EC summit in Copenhagen next month.

THE LEX COLUMN

The Midas touch

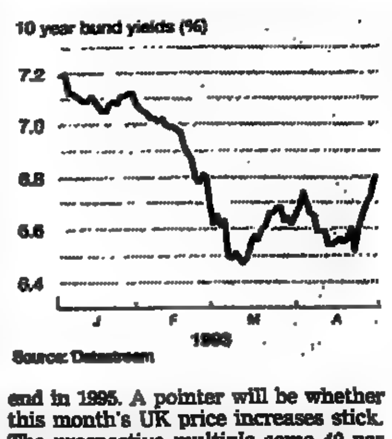
The rising gold price has not been good for equities. In theory, that should not be the case since both are a hedge against inflation. But the equity market has also to contend with the fear that rising prices would push interest rates up again. High multiples which have been justified on the basis that low inflationary growth produces high quality earnings would look less acceptable if inflation returned. Such fears, though, would make sense only if the higher gold price really was a signal of a return to the inflationary psychology of the 1970s. By yesterday, a recovering London market rightly appears to have decided otherwise.

If the FT-SE's reluctance to stick below 2,800 is encouraging, the market still seems stuck in a narrow range. There is no immediate prospect of a further cut in base rates. Institutional liquidity is tight, the Zeneca and BT issues loom, and the government cannot yet feel confident about its ability to fund the PSBR at current gilt yields. That could cause problems for the equity market. There is probably enough evidence of recovery to justify a forward multiple around 14. But the limited prospects for dividend growth would leave a market yield of less than 4 per cent looking niggardly if gilt prices fell sharply.

The market is below this year's starting level and the economic background has improved but, until the funding position looks more comfortable, there is nothing to drive it higher. It is not surprising, then, that dealers are so susceptible to stories – about the gold price, for example, or multi-billion pound bids for biscuit companies.

FT-SE Index: 2813.1 (+26.3)

D-Mark bond yields



Source: Datastream

RMC Group

There is a lot of common sense behind RMC's decision to merge its Berlin associate with its main German operation. It can now make full use of accelerated depreciation allowances on east German investment, saving perhaps £100m in tax over the next four years. The cash flow benefit is significant: whether it justifies yesterday's 5 per cent jump in the share price is another matter.

RMC's tax charge will come down just as Redland's is going up, but earnings derived from temporary tax concessions are of poor quality. The traditionally conservative RMC will probably smooth the effect on the bottom line with deferred tax provisions. Still, it will need strong markets to sustain earnings after the allowances end in 1995. A pointer will be whether this month's UK price increases stick. The prospective multiple some 40 per cent above the average assumes a strong recovery – well before it is set in concrete.

Philips/Matsushita

Perhaps the oddest thing about Matsushita's deal with Philips is the reluctance of either company to talk about it. On the face of it, Matsushita's offer of Y185bn for Philips' stake in their MEC joint venture looks excessive. Conspiracy theorists will doubtless conclude that there is hidden value for Matsushita. If so, it is hard to see what it is. Since Matsushita is MEC's main customer, full control may allow it to rationalise its component supplies. Matsushita is also more likely to avoid protectionist pressure in European consumer electronics if indigenous manufacturers such as Philips prosper. They, after all, have the ear of the Commission in Brussels. All that, however, is pretty small beer.

What is clearer is the benefit to Philips. Borrowings will fall from Fl15bn to Fl12bn and gearing will be cut to 110 per cent. The medical and telecommunications businesses might also be usefully sold and the company has plenty of surplus property now that it has slashed its headcount. That would allow it greater flexibility to invest in its mainstream consumer electronics side, though Philips has yet to prove that such manufacturing has a long-term future in high-cost Europe. But the PolyGram stake is unlikely to go. With the links between such intellectual property and hardware growing, Philips would be mortgaging any hope of a high margin future in home entertainment if it sold the only jewel in its tarnished crown.

Germany

One might have expected lower German interest rates to be a tonic for the bond market. As rates have fallen elsewhere, money has moved out along the yield curve in search of capital appreciation and higher yields. That German bonds instead became unsettled this week is food for thought. The Bundesbank, which regards long-term yields as an indicator of inflationary expectations, is on difficult ground, especially when the weakening economy has driven it to accelerate rate cuts although inflation is still over 4 per cent.

Part of the bond market's behaviour is the old story of selling on the good news. The Spanish peseta aside, calm has returned to the ERM. So there may be greater opportunities in other European markets where rates are also falling. The effect of such outflows on the D-Mark has so far been masked by poor US economic data which have weakened the dollar.

Still, the anxiety of the Bundesbank's Mr Helmut Schlesinger is understandable. One of the bank's tasks is to create an environment in which the large budget deficits arising out of unification can be financed. It will not help if the monetary squeeze intensifies the recession, making the deficits even larger after the UK fashion. That is a powerful argument for lower rates. But if the bank remains serious about inflation, it cannot afford to see the exchange markets lose confidence in the D-Mark. The fall in German rates may not be quite so smooth after all.

ICI

The stock exchange's clampdown on grey market dealing in Zeneca ahead of demerger is a triumph of heavy-handed regulation. Given the analytical effort expended by the City and the publication of a pathfinder prospectus, Salomon Brothers' market was better informed than most official dealings. Members of the rights issue syndicate could not freely participate. But shutting out those with a vested interest in the issue might actually have contributed to a fair price. One can only hope the exchange's promised review of grey market practice results in some more liberal guidelines.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (DM)

Rises			
AG Ind & Verk	543	+	13
Colonia Konz Pf	570	+	10
Daimler Benz	575.5	+	9
Falls			
BASF	222.5	–	16.9
Heidelb Zem	1045	–	55
Rosenthal	272	–	8.5

New York ($)

Rises			
Aetna Life	52½	+	2¼
Allied Signal	65	+	1½
Eastman Kodak	48⅜	+	½
General Motors	41¼	+	¾
Intl Paper	65⅝	+	½
Un Broadcast	89⅛	+	1⅞

New York prices at 12.30pm

Paris (FFr)

Rises			
Elf Aquitaine	389.5	+	12.7
Legrand	4615	+	196
Worm Cie	265	+	12
Falls			
CCF	236.2	–	7.8
Michelin B	143.5	–	9.1
Roussel-Uclaf	536	–	21

Tokyo (Yen)

Rises			
Fuji Electric	584	+	49
Janome Sew Mch	409	+	44
Showa Shell Sek	1160	+	120
Toyo Informatn	1860	+	380
Falls			
Ando Const	721	–	34
Isetan	1990	–	170

London (Pence)

Rises			
Blue Circle	254	+	11
Cliff Res	22½	+	3
Comac	39	+	4
Costain	37	+	3
First Technology	194	+	11
Lonrho	98½	+	5
MFI Furniture	138	+	7
Molyneux	44	+	3
Mowlem (J)	123	+	8
Norbain Elec	112	+	12
RMC	675	+	34
Ramco Oil	130	+	17
Richards Group	68	+	8
Safeland	18	+	2½
Smith (DS)	350	+	12
Sterling Publishing	122	+	5
Utd Biscuits	428	+	16
Falls			
Clayton Son	70	–	13
Cradley	29	–	4
Greencore	278	–	17
Hartstone	95	–	5
NSM	51	–	11
Plasmec	71	–	4
Ramsden's (H)	167	–	6

World Weather

UK Today: Sunny spells and the risk of thundery showers over much of the south and the Midlands. Cloudy with showery rain over Wales and the west and the north-east coast, but inland parts of western Scotland will see some sunshine.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	15	59	Cairo	S	34	93	Inverness	S	12	54	Milan	F	17	63	Salzburg	S	22	72
Algiers	F	19	66	Cape Town	S	22	72	Isle of Man	S	16	61	Montreal †	F	11	52	S'Francisco †	S	10	50
Amsterdam	S	25	77	Cardiff	S	18	64	Istanbul	F	15	59	Moscow	S	11	52	Seoul	C	16	61
Athens	C	21	70	Chicago †	Fg	8	46	Jersey	S	15	59	Munich	F	22	72	Singapore	F	[illegible]	[illegible]
Bahrain	S	28	82	Cologne	S	25	77	Johannesburg	S	19	66	Nairobi		–	–	Stockholm	S	[illegible]	66
Barcelona	C	13	55	Copenhagen	S	19	66	Las Palmas	F	27	81	Naples	F	21	70	Strasbourg	S	23	73
Beijing	C	15	59	Corfu	S	[illegible]	66	Leeds	S	18	64	Nassau		–	–	Sydney	C	[illegible]	66
Belfast	C	11	52	Dallas †	S	14	57	Lisbon	C	17	[illegible]	Newcastle	S	16	61	Tangier	F	17	63
Belgrade	F	22	72	Dublin	S	17	63	Locarno	Dr	13	55	New Delhi	S	36	97	Tel Aviv	S	30	86
Berlin	S	25	77	Dubrovnik	S	22	72	London	S	17	63	New York †	F	[illegible]	54	Tenerife	F	20	68
Bermuda	F	20	68	Edinburgh	S	13	55	Los Angeles †	C	17	63	Nice	S	16	61	Tokyo	R	12	54
Birmingham	S	13	55	Faro	F	17	63	Luxembourg	S	23	73	Nicosia	S	25	77	Toronto †	Dr	11	52
Blackpool	S	18	64	Florence	F	21	70	Madeira	C	19	66	Oporto	F	16	61	Tunis	S	24	75
Bombay	S	32	90	Frankfurt	S	25	77	Madrid	S	15	59	Oslo	S	20	[illegible]	Valencia	F	21	70
Bordeaux	R	[illegible]	57	Geneva	F	14	57	Majorca	F	18	64	Paris	F	20	68	Vancouver †	C	10	50
Boulogne	S	17	63	Gibraltar	C	16	61	Malaga	F	16	61	Perth	F	18	65	Venice	S	20	68
Bristol	S	19	66	Glasgow	S	17	63	Malta	S	22	72	Prague	F	22	72	Vienna	S	21	70
Brussels	S	25	77	Guernsey	Fg	12	54	Manchester	S	[illegible]	66	Reykjavik	C	2	36	Warsaw	F	25	77
Budapest	F	21	70	Helsinki	S	16	61	Melbourne	S	23	73	Rhodes	F	18	64	Washington †	F	12	54
Buenos Aires		–	–	Hong Kong	F	25	77	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	C	13	55
				Innsbruck	F	22	72	Miami †	F	22	72	Rome	F	16	61	Zurich	S	21	70

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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Weekend FT

SECTION II

Weekend May 1/May 2 1993

Cited for treason: East Germany's 'spy with no face'

He was the model for John le Carré's fictional spymaster. Next week, Markus Wolf goes on trial. **Leslie Colitt** *reports*

HIDDEN INSIDE a parked car, the Swedish agent aimed his camera and its telephoto lens at the distinguished-looking East German strolling with his pretty companion in central Stockholm. The day was July 1 1978. The man was Markus Wolf, legendary head of communist East Germany's Central Agency for Intelligence (HVA) and the model for novelist John le Carré's Soviet spymaster, Karla.

Until that day, the only photographs of Wolf available to the intelligence services of the western world dated from 1959; Wolf was known as "The Man With No Face." For him, it was the beginning of the end.

Next Wednesday, Wolf will go on trial in Düsseldorf charged with treason against the Federal Republic of Germany. He is alleged to have bribed a string of senior West German intelligence officials who became his "moles." But the trial has aroused enormous controversy; some are calling it a travesty of justice.

For one thing, Wolf was not a citizen of the Federal Republic. For another, and perhaps more significantly, he has not been charged with offences for which many of his one-time antagonists hold him to be partly responsible as deputy head of the Ministry of State Security – the infamous Stasi secret police.

Wolf's visit to Stockholm in mid-1978, under the alias of Dr Kurt Werner, combined business with pleasure. The tall, dashing 56-year-old, with a taste for beautiful women, tailored suits and other luxuries – and regarded by his peers in east and west as the cold war's most cunning and successful intelligence operator – was there to meet one of his top West German agents, an MP named Dr Friedrich Cremer.

Wolf was accompanied by Christa, the second of his three wives, on her first visit to the west. They shopped for Swedish furniture, and Wolf broadened his young wife's horizons by taking her to a porno club. But already he had aroused the suspicions of a Swedish immigration official and counter-intelligence was alerted.

As well as photographing Wolf, it took pictures of his meeting with Cremer; these later helped to convict the politician of espionage, for which he was given 2½ years in prison. West German officials gnashed their teeth on learning of Wolf's visit to Stockholm, but he had not violated Swedish laws and was able to return to the east. However, the damage to his cover had been done.

Wolf was a study in contradictions. Long an ardent Stalinist and calculating exploiter of human weaknesses – including the notorious sex traps used by eastern spymasters – his personal warmth and care for his nearly 4,000 staff gained him their unstinting loyalty. Cremer was deeply impressed at their meeting by the spy chief's openness, keen intelligence – he could talk about literature or music with equal ease – and his anxiety for the MP's well-being.

Wolf's family background and the searing experiences of his youth help to explain the contradictions of his character. His father, Friedrich, a communist, was a noted playwright and physician during the Weimar era who treated his poor patients for nothing. Although he abandoned his Jewish faith as a German army doctor during the first world war he – and, later, Markus – would suppress or revive their Jewish origin whenever it appeared opportune.

Expelled from Hitler's Germany, the Wolfs were given refuge in the Soviet Union. Markus was 11 when he shed his German past and became Mischa Wolf, a zealous member of the Young Pioneers who adulated Stalin despite the purges of the late 1930s which led to the imprisonment of many neighbours and friends in Moscow. His own girlfriend, Margit, was one of the victims.

Like his father, and millions of other communists, Wolf learned to suppress whatever doubts he had about Soviet socialism by telling himself that the state had to be ruthless internally in its mortal struggle with Nazi Germany. Much later, after the post-war Polish and Hungarian uprisings and the suppression of the Prague Spring in 1968, he and many fellow communists realised that the Stalinist system was the undoing of socialism. But, again, they rationalised away their doubts by arguing that to question the faith would be to play into the hands of the west.

At the age of 16, Wolf became a Soviet citizen. At 19, he joined the communist party and was assigned to the spartan Comintern school where young German exiles like himself were trained to occupy key posts in Germany after the defeat of Hitler. It was there that Wolf met his first wife, Emmi Stenzel, daughter of a communist deputy to the Reichstag who was murdered by the Nazis. Although her mother was arrested by Stalin's secret police in 1937, she was convinced that the purges were not the work of the Soviet leader but of his scheming aides.

Emmi was remembered by Comintern students for her habit of denouncing their errant political views to the school administration, which forced them to engage in self-criticism. She has mellowed since, but bridles at the charge of having been an informer.

"It's untrue," she says now in her high-rise flat overlooking east Berlin. "We had group discussions about behaviour, studies, help. But we never had interrogations, only discussions." Even though Wolf divorced her in 1977 to marry Christa, he continued to look after her interests and Emmi still says only *good* things about him, although she notes: "He never helped around the house."

Wolf and Emmi were flown to Berlin in May 1945; there, he became chief commentator of Berlin Radio and remarked bitterly about the arrogant Germans he met who refused to acknowledge the Nazi crimes committed in their name. The party next assigned him to a senior posting at the new GDR embassy in Moscow, requiring him again to become a German citizen.

Shortly afterwards, and much to his surprise, he was ordered to join the newly-founded Institute of Economic Research – a cover name for East Germany's fledgling espionage service, which he would head from 1953 until he retired in 1987. His greatest coups were to obtain construction plans for several US missile sites, and technical plans for the missiles, during the 1970s and 1980s, plus Nato's contingency plans for a Soviet-led attack.

He refused to use amateur spies or students (as the US Central Intelligence Agency did at that time) because he thought the risk that they would be caught and imprisoned was too high. If one of his own spies *was* caught, it was known throughout the service that he would press vigorously to barter their release. And he treated them like princes when they returned. Yet he would use his agents to prey ruthlessly on lonely women – mainly secretaries – in key positions in Bonn and Brussels.

There were around 600 East German agents operating in the west. It was Wolf's idea to latch some of them – nicknamed "Romeo agents" – on to these women employed by the Bonn government and Nato. When a woman was enmeshed, perhaps by the promise of marriage, she would be drawn into Wolf's network. In the case of Dagmar Kahlig-Scheffler, a secretary in former chancellor Helmut Schmidt's

■ Continued on page VII

CONTENTS

The Long View / **Barry Riley**

Wheels within cycles

CHOOSE YOUR stock market cliché: buy the rumour, sell the fact; sell on a strike (of oil, that is); to travel hopefully is better than to arrive. The cyclical behaviour of asset markets is well documented and analysed, yet can still seem perverse. The latest instance came this week in the UK equity market when the FT-SE 100 index slipped below 2,800, even though the latest GDP figures at last showed unequivocal evidence of economic recovery.

On the Continent, the Bundesbank continued to cut German interest rates, only to trigger falls in stock and bond prices. Like TV news editors, are investors no longer interested in good news?

Such reactions seem dramatically at variance with the mood of the markets early in the year when indications of recovering output and falling interest rates were seized on eagerly to justify rises in securities prices. To explain this shift, we tend to be fed implausible rationalisations, one being that falling German interest rates show just how dire the state of the German economy must be.

In fact, securities markets are driven primarily by underlying flows of money. When that is plentiful, the markets go up – something that, typically, happens in recessions when most people are cautious, cut their spending and reduce their borrowings. Financial assets are the beneficiaries of this process. At some point in the recovery, however, confidence recovers and the financial flows begin to reverse. People and companies raise their spending on goods and services again. The tone of the markets changes.

In the classical pattern there is a clear sequence to this. The bond markets peak first, fearing that interest rates will stop falling and will soon begin to rise. Indeed, when bond prices fall, it is precisely the same thing as saying that long-term interest rates are rising. The US long Treasury bond yield has climbed back above 6.9 per cent, having twice been down to 6.7 per cent earlier in the year. In the UK, five-year gilt yields, in the wake of this week's slightly disappointing auction of £3bn of Treasury 7¼ per cent 1998, have climbed by more than half a percentage point since the middle of March.

The next stage – reached perhaps six months or a year later – is that the stock market peaks out, too. It has been buoyed up in the meantime by improving expectations for profits and dividends but, in the end, is overtaken by rising interest rates.

Elsewhere, the property market is still at this point rising strongly, being driven mainly by rents or incomes that depend directly on the economic cycle, which is still in an upward phase. Property does not lead in the way that securities markets do. You might think that real estate values would be sensitive to interest rates, but property – both commercial and residential – is illiquid, and there can be long lags before buyers and sellers respond to changing conditions. In bad times, sellers may refuse to deal rather than accept low prices, so the market could stagnate for extended periods; securities markets, however, are liquid and are run by market-makers who adjust almost instantaneously in order to find a new level at which there is two-way business.

Finally there are the alternative markets which perform late in the cycle, perhaps because they are fuelled by the cash of entrepreneurs who have realised their stock market gains. By this time, investors also are looking for protection from inflation, a reason why gold could start to display a late-cycle turn of speed, although it has performed dismally since 1979.

The particular feature of the present cycle appears to be that the markets have become even more international and liquidity-driven. Some of the time lags have, therefore, disappeared. In the UK, the All-Share index hit its 1993 high (so far) on March 8, the same day the long gilt market hit its high (and the US long bond hit one of its twin peaks).

Because the steam has gone out of the main securities markets, investors are casting around for alternatives which have been lagging in the meanwhile, such as Japanese equities or gold. Although the speculators have been making a lot of noise, in neither case do the fundamentals look very exciting.

True, different countries are at very different stages of the cycle: the US is well into an upturn (although the first quarter GNP figures were sluggish) and the UK clearly is recovering, too, but Germany and France are still heading into recession. However, the global nature of investment flows is tending to impose a common pattern on the markets (although the Tokyo stock market, as always, ploughs its own furrow).

The particularly threatening feature of this economic cycle is the unusually large element of structural fiscal deficit in countries such as the US, the UK and Germany. Borrowing programmes that can be financed easily in a recession may prove very difficult in a more buoyant phase for the economy. Governments will have a responsibility to reduce their financial demands quickly, by cutting spending or raising taxes, in response to economic strength. Otherwise, there will be some kind of crunch, possibly a sudden one.

The worry is that governments, in fact, respond very slowly. Already, Norman Lamont's spend-now, tax-later Budget is looking very out of date, and the complacent UK policy was roundly criticised by the IMF this week. In the US, also, there is a lack of urgency. Meanwhile, Germany could be approaching a very tricky phase as a weakening currency forces a reassessment by foreigners who now hold vast amounts of D-Mark paper.

Essentially, long-term interest rates will have to edge up if all the government bonds are to be sold. It must then be asked if the deficit-prone governments are actually beginning to impede economic growth rather than encourage it. So, we are seeing a subtle change of mood. As the market men say, sell into strength.

MARKETS

London

An £8 ticket to fear and greed

By Peter Martin, financial editor

IN ORDER to resolve pressing cash flow problems, this column is throwing itself open to the public.

For a modest entry fee, priced comparably with other attractions such as the London Dungeon and the Black Hole of Calcutta, visitors will be given a guided tour of the historic Prejudice Engine, the Cliché Machine and the Irony Maiden. In the wake of the IRA's Bishopsgate bomb, we anticipate eager business from tourists anxious for the City experience, without actually having to experience the City.

Meanwhile, work continues as normal. This week, our highly skilled operatives have spent most of the time wondering whether the stock market's slow-motion slide is a sign of its extraordinary accuracy as a discounting mechanism, or its inability to hit a barn door.

The accuracy school of thought argues that the stock market picked up remarkably early on the shape and speed of the recovery, after sterling's exit from the ERM. By the end of 1992, the FT-SE 100 index had risen to levels that discounted exactly the sort of pickup in economic activity and corporate profits that is now under way.

Thus, in the week that this judgment was confirmed by the announcement of a 0.2 per cent rise in UK gross domestic product in the first quarter, it was not surprising that the stock market was drifting back to levels achieved in the closing days of the year, when the recovery first came into focus.

The alternative view – that the equity market's poor performance in recent weeks indicates a form of collective myopia – stems from the belief that what is happening is more than just a long-awaited lurch off the recessionary floor.

German interest rates are now moving steadily downwards, even though each individual step in the process is likely to be small and grudging. This week, for example has brought two signs of German easing – a fall in money-market rates on Wednesday, and a further cut in the Bundesbank's three-day Treasury Bill rate to 7 per cent on Friday, seen by some analysts as a strong indication of more cuts to come.

Lower rates from the Bundesbank will in time pull continental Europe out of recession, and they will open the way for still lower UK interest rates in the months ahead. Though UK companies continue to report poor results for the recessionary financial year just ended – this week, for example, Tiphook said profits were 20 per cent below expectations and Tarmac reported a pre-tax loss of £350m in 1992 – there are also signs of how strong the bounce-back in profits can be as demand picks up.

ICI, reporting for the last time as a single entity on Thursday, said pre-tax profits for the first quarter rose 10 per cent to £233m, thanks to weaker sterling and the effects of cost-cutting. Those two forces affect much of UK manufacturing industry. When a solid recovery of demand starts to make itself felt also, profits may rise more sharply than analysts currently expect.

Of course, the advantage to UK companies from sterling's devaluation has been partly offset by the appreciation of the pound from its lows. That should not be overstated, however. This week, sterling closed at just over DM2.49, down a quarter of a pfennig on the week, and up 18 pfennigs since February. On a trade-weighted basis sterling is now nearly 7 per cent higher than it was in February. But it is still 11 per cent lower than in September last year.

Worries about the impact of a rising pound on overseas earners are one of the factors dragging down the stock market this week. A second factor hurting the market – and supporting the case that it fairly values the future stream of profits from UK companies – has been the weak performance of gilts.

Ten-year gilts closed the week yielding 8.1 per cent, back above the 8 per cent level for the first time since early February. A week ago, they were yielding 7.9 per cent; a month ago, the figure was 7.7 per cent.

This moves in long term interest rates not only affects the value of the stock market directly – by making the dividend yield on equities less attractive in relative terms – but also hints at economic worries to come.

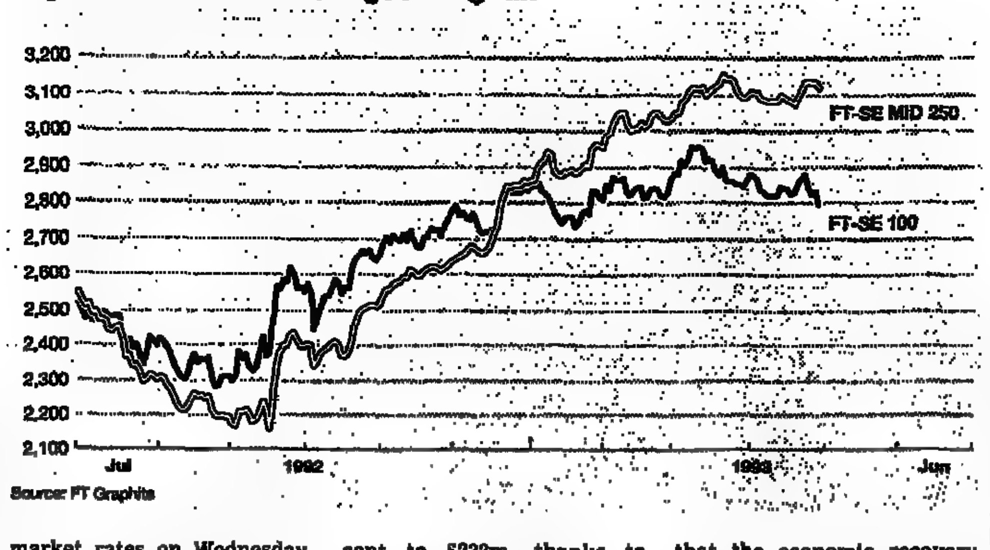
It suggests that bond market investors, at least, are worried that the economic recovery may be so brisk that it contains the seeds of its own destruction, in the form of rising inflation. Short-term UK interest rates, far from moving downwards in line with further German cuts, would at best stay constant and might in time have to rise, to avoid the economy overheating. That would put upwards pressure on sterling, reducing the competitive advantages obtained by devaluation.

The gilt market is thus reinforcing the case for caution which is already reflected in equities. One category of share is, however, very far from displaying caution. The medium-sized, predominantly domestically oriented companies in the FT-SE Mid 250 index continue to outperform their larger brethren in the FT-SE 100.

This week they have achieved that outperformance largely by avoiding the worst of the FT-SE 100's falls. Large investors move into and out of FT-SE 100 futures as a proxy for the market as a whole, a process which throws the burden of sudden switches of mood disproportionately on to that index's constituents.

Still, such technical factors apart, the Mid 250's move has been a striking one. Its best performing stock – Barratt, the housebuilder – has risen 216 per cent since sterling left the ERM and the second-tier stocks took off. Other construction groups have also risen sharply, as have companies such as Burton (up 141 per cent) and Owners Abroad (up 116 per cent). Only 14 members of the FT-SE 100 have risen by more than 50 per cent since mid-September; in the Mid 250, 90 companies have achieved that feat.

A good little 'un beats a good big 'un



Source: FT Graphite

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2813.1	-30.7	2957.3	2737.6	Futures selling from US
FT-SE Mid 250 Index	3132.1	-4.1	3154.7	2876.3	Focus shifts to blue chips
Aegis	31	+10	31	13	French rate cut
BT	404½	-12½	445½	376	Fin director resigns/compet'n fears
BTP	268	+29	269	221	Purchase of MTM assets
Boots	452	-41	583	445	Manoplax warning/competition
Commercial Union	591	-25	641	561	Bishopsgate bomb damage claims
Euro Disney	865	-50	1180	710	Losses/rights issue fears
Glaxo	594½	+19½	601	545	US buying returns
ICI	1289	+32	1290	1048	Raised first-quarter results
Lonrho	98½	+14	98½	70	Proposed sale of Observer
PowerGen	330	-15	353	273	Credit Lyonnais "sell" note
TSB	183	-9½	195	145½	Bid speculation fades
Tiphook	232	-97	382	173	Profits warning
United Biscuits	426	+27	431	340½	Bid hopes

Serious Money

Having their cake and eating it

By Scheherazade Daneshkhu

WHEN THE chairman of Britain's largest building society says he cannot sell his customers the right products, it should be a clear signal to consumers – if they did not know already – that something is seriously wrong with the financial services industry.

Jim Birrell, the outgoing chairman of the Halifax, said this week that the Halifax wanted to try to change the rules on "polarisation" under which financial products are retailed. His remarks add to the increasingly circular debate on how consumer interests are best protected under the system laid down by the Financial Services Act in 1988.

"Polarisation" is the name given to the system under which those who sell financial products are divided into two separate groups. Financial intermediaries can either sell the products of one company only – ie, become its "tied" agent – or set up as an independent financial adviser, where they can sell anyone's products.

Originally, polarisation was designed to protect both IFAs and the consumer. Tied agents must tell their clients that they are acting for one company only. "Multi-tying," whereby agents would tie themselves to two or three companies in order to offer a wider range of products, was thought to confuse customers and was resisted by IFAs as threatening their interests. It was also open to abuse because multi-tied agents could give the impression that they were independent.

This has not worked out as it should. One unintended consequence of polarisation has been that instead of protecting independent financial advice, it has largely disappeared from banks and building societies (although most retain separate IFA arms), mainly because life companies offer higher commission to tied agents than to IFAs.

Moreover, polarisation has not stopped customers being confused. Even though the bank or building society salesman has to declare the tie, customers do not necessarily realise the implications. They cannot be blamed for assuming that large institutions such as the Halifax, which act in a competitive environment on mortgage and savings rates, also have a competitive range of financial products.

But there was never any reason why one provider – the company to which the institution is tied – should have a monopoly of the best financial products. The provider with a good record for with-profits plans for pensions will not necessarily have the highest performing unit trusts.

After toying briefly with independent financial advice in the wake of the Financial Services Act, Halifax opted for a tie to Standard Life, one of Britain's largest insurance companies. Halifax is now restless. Birrell said this week that "there are other sectors of the financial services market where Standard Life is not the best provider." The society wants to expand through multi-tying.

His remarks highlight the speed with which high street banks and building societies made their choice between the interests of their customers and their own profitability after the implementation of the Financial Services Act.

Asked why Halifax did not opt to retain independent financial advice if it wanted to be able to sell products of more then one company, Birrell was honest – "the remuneration is better as a tied agent," he said. The tie earned Halifax £177m in commission in 1992, a hefty proportion of the group's total profit of £680m. Birrell also said that Halifax found that its customers did not know whether it was independent or tied.

Unfortunately there is little reason to believe that the consumer would necessarily be in a better position with multi-ties. There is no getting away from the nub of the problem, which is that better regulation is needed in the industry and that financial salesmen and advisers should be made to disclose the commission they receive for selling a product. Consumers should be allowed to know the total they are paying for a financial product, in simple arithmetic.

It is these deficiencies which have contributed to the fading influence of the independent financial adviser, who is independent only to the degree that he receives payment for his services from many life companies and financial providers, instead of one.

Diligent IFAs who resist the temptation to oversell, risk losing their reputation because of the misdeeds of their less scrupulous colleagues. Members of Fimbra, the self-regulatory body for IFAs, were liable for large payments to the Investors' Compensation Scheme, which threatened the loss of IFAs to tied agent status. The insurance companies which use IFAs have been prevailed upon to pick up a large part of the tab for the ICS.

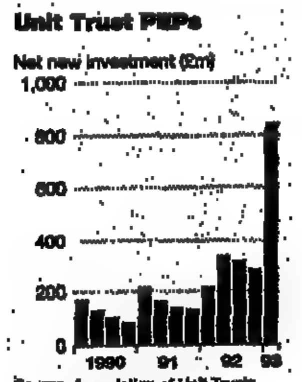
The Office of Fair Trading made a good beginning towards reform by calling in March for more disclosure. Unfortunately, it limited this recommendation to IFAs and not to tied agents – with the danger that banks and building societies will manage to kill off most of the IFA market, further reducing consumer choice.

It is small wonder that Halifax wants to alter polarisation to preserve for itself the benefits of tying, while widening its product range. It wants to have the best of both worlds.

By the same token, consumers must look after their own interests by continuing to press for disclosure and for higher standards of advice and regulation in the industry.

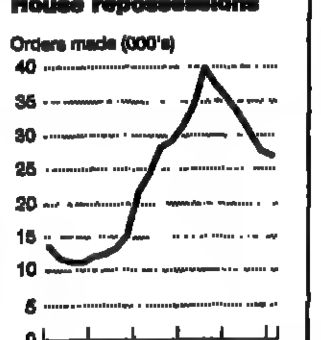
AT A GLANCE

Unit Trust PEPs



Source: Association of Unit Trusts and Investment Funds

House repossessions



Source: Lord Chancellors Dept

Repossession orders fall in year's first quarter

Court orders to repossess mortgaged houses fell 2.7 per cent in the first quarter of the year, compared with the previous quarter. The reduction in repossession orders to 26,910 from 27,656 in the final quarter of last year, was the fifth consecutive quarterly fall. The number of orders – not all of which end in repossession – was 24 per cent lower than the number in the first quarter of last year. The number of actions initiating repossession proceedings rose to 31,371 compared with 29,583 in the last quarter of last year. They were well down on the 42,267 in last year's first quarter, according to the Lord Chancellor's Department.

In its latest report on the housing market, UBS said that it expected the number of new repossessions to be similar to last year's at around 75,000. Page VI

Sales rise for unit trust Peps

Sales of unit trust personal equity plans achieved their strongest quarter ever. Net investment in the first quarter of the year at £846m was almost four times the first quarterly inflow of any year. It easily beat the previous record quarter of £336.4m, in the second quarter of 1992. The value of unit trust Pep funds stood at £4.4bn at the end of the quarter compared to £3.3bn at the end of last year. Page IV

Broker launches new product

John Charcol, mortgage brokers, has launched a fixed-rate mortgage which allows the holder to make capital repayments without facing early redemption penalties. The rate is fixed at 7.99 per cent (8.7 APR) until January 1 1997. It is only available on a repayment basis and there are no requirements to buy insurance-related products. The fee on completion is £295 with a £35 reservation payment. The mortgage has been designed to give borrowers the option of increasing their monthly repayments. The "accelerator mortgage" is also available on a variable rate of 7.99 per cent.

More fixed-rate mortgages

Other new fixed rate offers this week included those from Abbey National which launched for first time buyers a rate of 7.49 per cent (8.4 APR) on a maximum advance of 90 per cent, or 7.79 per cent (8.5 APR) if the maximum loan is 95 per cent (up to £100,000) and 90 per cent over £100,000. The rates are fixed until the end of January 1996 and include one year's unemployment cover. The fee is £199 with an early redemption or capital repayment penalty of 90 days loss of interest. They are available on all types of mortgage. Alliance & Leicester has brought out fixed rates of 6.95 (8.3 APR) per cent for 2 years, 7.95 per cent (8.5 APR) for three years and 8.5 per cent (8.7 APR) for 5 years. Available on all mortgage types, the fee is 0.5 per cent up to a maximum of £300. There are early redemption penalties. National & Provincial's new rate for first time buyers is 7.49 per cent (8.5 APR) fixed until June 1 1996.

Lloyds joins Switch scheme

Lloyds Bank has joined the Switch debit card scheme to which the other large high street banks already belong. Lloyd's "merchant acquiring" operation has until now only processed Mastercard and Visa transactions including the Visa Delta debit card.

Smaller companies rise again

Smaller companies continued to rise this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.6 per cent from 1395.37 to 1403.66 over the week to April 29.

Wall Street

The cash that has nowhere better to go

ONCE AGAIN, the US stock markets are being propped up by huge inflows of investors' cash.

Figures released by the Investment Company Institute this week showed that mutual fund sales reached a record $11.3bn in March, and the early indications are that April could come close to matching that figure. The first quarter sales total of $60.1bn exceeded the old record by almost a third.

The vast flows of money into stock funds, and eventually into stocks, are helping to mask signs of weakness in some key equity market fundamentals.

Stocks remain expensive by historical standards, economic growth is slackening, domestic interest rates have probably bottomed, and corporate profitability, while it has improved in recent quarters, remains a hostage to economic conditions – which means earnings could suffer if the recovery slows down further.

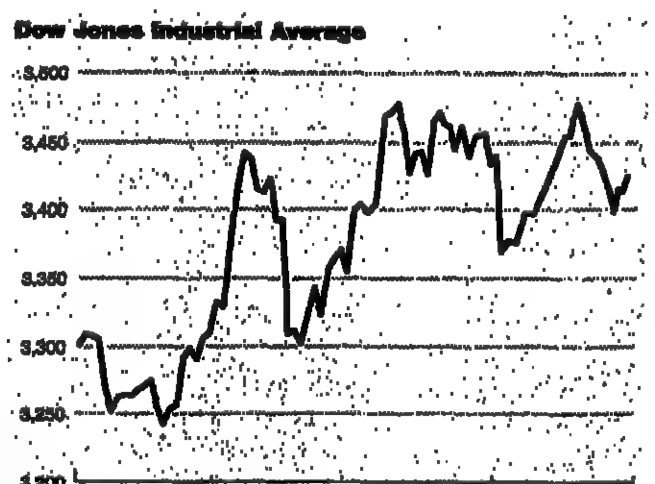
Yet the fact that investors are hurrying to put their money into stock funds is not necessarily a vote of confidence in equities. First, an increasing amount of the new money is going into foreign stock funds as more investors turn away from unexciting domestic markets and look for better returns overseas. The weak dollar has only encouraged this greater interest in foreign securities.

Second, March and April have been strong months for stock fund sales partly because many investors rushed to put funds into their individual retirement accounts (IRAs) before the April 15 tax filing deadline.

President Clinton's first budget includes considerable tax increases and individual investors, many of whom fall in the range of income-earners facing higher government levies, were eager to make tax-deductible contributions to their IRAs before the tax year ended.

Third, money has been flowing into mutual funds in record amounts, but fund managers have not necessarily been putting all of it into stocks. Since January, stock fund managers have been building up their cash holdings. At the start of the year 8.9 per cent of fund assets were held in the form of cash. By the end of March that figure had risen to 9.9 per cent, or $52.2bn.

Dow Jones Industrial Average



Source: FT Graphite

While there is little doubt that some of that money will eventually find its way into the markets, the recent rise in cash holdings reflects a wariness among fund managers about the outlook for shares.

Moreover, this fondness for cash is remarkable given the miserable returns available on cash investments. Investors are considered lucky if they can get much more than 3 per cent on short-term assets like money-market funds and Treasury bills. After inflation, they struggle to break even.

Yet fund managers are not alone in believing it prudent to hold more cash. A recent survey by *The Wall Street Journal* found that the average cash level recommended by strategists at a dozen big brokerage houses is now 14.25 per cent of assets – the highest level seen in three years. At Dean Witter, for example, chief investment strategist William Dodge has kept his asset allocation at 60 per cent equities, 25 per cent bonds and 15 per cent cash. In normal times, Dean Witter would have only 5 per cent of assets in cash.

What this all means for the markets is that stocks are being supported as much by the realisation that equities are the only game in town as they are by any deep-rooted confidence in the outlook for share prices. (It is true that bonds had a superb first quarter, but the Treasury market rally looks as if it has peaked.)

If inflation, and interest rates, pick up sharply over the summer, the flow of investors' funds could be quickly diverted away from stocks. We have had a little taste of that already, in the form of the recent rebound in gold prices, which have benefited from a sudden revival of interest in gold as an alternative investment to bonds and stocks.

This week's first quarter gross domestic product report did not help the stock markets' cause. While investors had been bracing themselves for economic growth to show a decline from the unsustainably high 4.7 per cent rate achieved in the last quarter of 1992, the news that GDP rose by 1.8 per cent in the first three months of this year still came as an unpleasant surprise.

Some analysts tried to pin the disappointing growth on the severe winter weather during the three months, but that did not wash. The most worrying aspect of the data was that without a big jump in inventories, the economy would actually have gone into reverse in the quarter.

Patrick Harverson

Monday	3398.37	- 15.40
Tuesday	3415.93	+ 17.56
Wednesday	3412.50	- 2.43
Thursday	3425.12	+ 11.62

The Bottom Line

BTP lights a fire under MTM

THERE IS nothing like capping an industrial career by doubling *your company's net* assets. Frank Buckley, the 64-year-old chairman of BTP, presided over just such a deal this week when it bought MTM, a fellow speciality chemical company, for £100m.

Whether this was in the interests of shareholders, or simply a last impetuous fling, is another matter. When the company concerned has made three calls on shareholders' cash within three years – this week's rights issue at 185p was below the price of last year's call – the question is more pertinent.

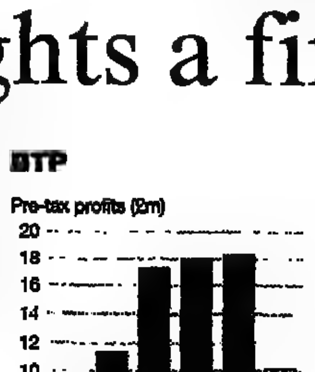
Happily for shareholders, BTP's latest acquisition looks well founded in good, old-fashioned industrial logic. The Manchester-based company has swooped to take advantage of the misfortunes at MTM's head office which have led to a Serious Fraud Office investigation into the company's reported profits.

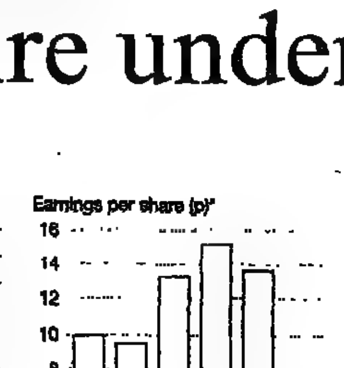
BTP is buying under-utilised but modern plant which uses technology that complements its own. And, in the profitable Hardwicke and the loss-making Rock Hill plants in the US, it has gained a platform to manufacture domestically for the recovering North American markets. Already selling 60 per cent of its product overseas, the underlying MTM businesses should enhance significantly BTP's standing as a niche chemicals company.

BTP produces molecules for a multitude of industrial and consumer applications. It provides a quarter of the world's preservatives for cosmetics – the same chemical that is used in facsimile paper. It also makes leather tanning chemicals, variants of which are used as additives in concrete and in carpet stain resisters.

By juggling which it makes its product, BTP believes it can boost its sales to the cosmetics business in the US, so gaining a price advantage by avoiding the import tariff it now pays.

BTP





And spare capacity at Teesport and Kirkby might be used to meet the growing Far Eastern demand for tanning chemicals.

The numbers would also seem to stack up. On Wednesday, BTP estimated pre-tax profits of £20.4m for the year to end-March 1993 (up from £18.2m) but a fall in earnings from 14.8p to 14p. During the first year, the company forecasts the MTM businesses will be of "modest benefit" to earnings, but that there will be "significant benefits" thereafter. What is more, the shares are still on a yield premium to the market: the company is expecting to increase its final dividend to give a 9.3p total for the year, up 5.1 per cent.

But can BTP's management handle the steep change in size, a question asked when any company nearly doubles its size?

BTP says it thinks MTM's operating companies and their managements have been held back only by the turmoil at head office. Extensive investigation into the seven MTM companies showed that Richard Lines, MTM's former chairman, invested heavily in modern, hi-tech plants. But management reporting systems were woefully inadequate; in many cases, MTM simply did not know if the product it was making was profitable. MTM's utilisation of capacity also was very low: in Rock Hill's case, it was below 30 per cent when break-even should have been above 65 per cent.

If BTP can improve this situation, MTM's three loss-makers would be eliminated quickly. But Steve Hannam, who took over as chief executive last year, emphasises that BTP will be dropping some of MTM's product lines. "It matters that what goes through BTP makes money," he says, suggesting that MTM's plants might become more sensitive to market demand.

The MTM businesses also should benefit immediately under a financially strengthened parent. Inevitably, MTM's dire financial situation was preventing some customers from placing orders and was restricting its access to credit.

The change of ownership should light a fire under MTM's operational management, which has worked under a cloud since the group's share price collapsed last year. Certainly, Hannam finds it hard to hide his enthusiasm for his new chemistry set. Introducing the deal, he said excitedly that BTP had bought "lots of sites, lots of assets, lots of kit."

Richard Gourlay

FINANCE AND THE FAMILY

For investors with an eye to foreign profits

***Scheherazade Daneshkhu** looks at when and where to buy*

THERE IS an old stock market adage: "Sell in May and go away. Come back on St Leger day." With interest rates in the UK relatively low, Britons thinking of investing overseas in the hope of better returns could find some wisdom in this saying.

St Leger day this year falls on September 11. The chart shows that, since 1964, the average capital return on the FT-All Share index between May 1 and September 11 is just 0.56 per cent.

By investing on September 11 and selling on April 30, though, the average return rises to 10.7 per cent.

The same principle seems to hold true in world markets. Since 1982, the average return April-September is 1.54 per cent compared to 10.72 per cent for the rest of the year, according to the Morgan Stanley Capital International index.

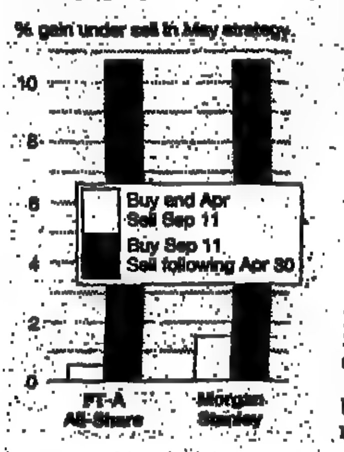
Darting in and out of the market can be expensive and hazardous, though. Most experienced private investors know the best returns come over the long term, with five years a prudent minimum.

"Sell in May" can be used as a guide to timing – especially if tthe main world markets show signs of being quiet over the next few months. New investors may consider it better to wait, rather than monitor their investments nervously throughout the dog days of summer.

The *Weekend FT* asked fund managers what they thought of the strategy, and which markets offered the best opportunities.

■ *Martin Wooller, director of* fixed income at Fidelity Investments: "Statistically, sell in May has often been a good policy, especially in the UK.

"But equity investment is,



and should be, long term. Do not try to be a short-market timer. The professionals can't do it, so there is no reason why others should be able to.

"We are cheerful about the UK because the market appears to be buying the green shoots recovery story and there are, once again, good *stocks to pick out. We do not* focus on the blue chips but more on the FT-SE 350. The market is broadening, so this would be a good time to go in.

"The European markets are behaving sensibly in that they see German monetary policy being relaxed, which is improving the valuation basis of the markets. But earnings disappointments will come through in the summer so, again, that could be a good time to buy.

"We are cautious about the US because of anxiety that the recovery is faltering. A number of companies have reported disappointing earnings.

"If you want to sell in May, this would be the market to get out of; but we would say, put at least part of the money back into south-east Asia for the long term because the place keeps growing.

"Hong Kong, as an entry *point into China, is not for the* faint-hearted because there are dangers that the Chinese economy is overheating. And there is still the question of what will happen after 1997. But we regard it as a long-term hold."

■ **David Rosier**, chairman of Mercury Asset Management Private Investors: "Market timing is the hardest part of the business. Short-term movements have got very difficult to predict and are getting harder because the world has become a smaller place.

"The Japanese market has risen strongly in response to foreign buying, but it is expensive. Company profits will continue to fall.

"Our view is that the market is unlikely to rise sharply from present levels and, when people focus on its evaluation, there is a risk that it could fall sharply.

"We are neutral on the US. There is a modest economic recovery but the market is fully valued.

"Continental Europe has reacted positively against a background of falling interest rates, but the markets are having a hard time coming out of recession – they are behind the UK in this. Some areas are more attractive than others. For example, the new government in France is likely to focus on domestic issues and rates will come down.

"We are positive about UK equities. There will be a gradual recovery in a low interest-rate environment, and there could be good growth in the economy in the next year and the year after.

"The next few months could be a good time to build up a portfolio when the market is *not rising quickly*. But you must accept that the shares you buy now may be slightly lower in value in a few months."

■ **Jeremy Tigue**, director of Foreign and Colonial Management: "Although sell in May is a reasonable theory around the world, for many investors the time to buy is in a period of weakness. We think the UK market will be higher by the end of the year than now. But the British Telecom issue and Zeneca rights issues in June/July will act as a restraint on the market. It will then be the holiday season, so the market is likely to be quiet.

"The market in the United States has not done very much recently but there are signs of recovery. We are now waiting for President Clinton's announcement on health-care reform.

"The health-care sector has already suffered a lot in expectation of what might happen so, unless the plans are radical, the market might be discounting the bad news.

"There is bound to be a period of consolidation in Japan. After the steep rise in the Nikkei index the chances are that the market will be quiet for the next few months."

■ **Michael Lenhoff**, portfolio strategist with Capel-Cure Myers, feels the major markets are over-valued. "On a price/earnings ratio the UK, at 17 times 1993 earnings, is higher than in 1987. In the US the multiple is 16 and that, too, is high.

"In Europe, Germany is extremely expensive; it is about 40 per cent overvalued on a p/e ratio. So, the conventional wisdom is appropriate for these markets.

"We are, nonetheless, keen on the US market. Recovery is being translated into strong corporate earnings' growth and monetary policy is good, too, but the cloud is political.

"We are worried by the difficulty President Clinton has had with his economic stimulus package. So, there is an added dimension of uncertainty, which the market will treat adversely.

"We are equivocating on Japan. There is no evidence of a recovery in corporate profits, and there are even questions about that in 1994.

"We had increased our weighting to Japan at the end of last year, but we would not go any further at the moment.

"*We are expecting 5-7 per* cent growth in south-east Asia and have a double weighting in this part of the world.

"Hong Kong looks expensive and is overvalued, but it is one of the few plays on China. There will be short-term volatility, but we want to be in that market for the long term.

"In the UK, we were saying that the FTSE-100 would reach 3,300 by the end of the year, but that assumed further interest rate cuts. We might have to trim back our year-end forecast to 3,150."

Men to face unisex threat on annuities

*Lower payments could follow legal moves in EC, says **Norma Cohen***

IT IS *a fact:* women live longer than men. But a key opinion this week from the advocate-general of the European Court of Justice says that, when it comes to pensions, employers must forget all that. Those who have *contributed more to women's* pensions because they will draw them longer after retirement will, apparently, have to stop. The advice, if followed by the ECJ in its final ruling in June, could mean that men will receive lower monthly payments from an annuity bought upon retirement.

The advice to the court follows its consideration of a group of cases led by the trustees to the pension scheme of Coloroll, the UK home furnishings company now in liquidation. The trustees asked the ECJ to clarify how they should carry out an earlier ruling in the case of Barber v Guardian Royal Exchange. In that ruling – on May 17 1990 – the court ruled pensions were deferred pay and that employers may not discriminate between sexes in pay awards.

But pensions are a complicated subject, and employers needed guidance on the nuts and bolts of equalising them. Across Europe, both occupational and state pension schemes have, typically, allowed women to retire on full *pension at 60 while requiring* men to wait until 65.

This difference in retirement ages meant, for instance, that male and female twins who joined an employer on the same day, and left for a new employer on the same day, had different transfer values. If they retired on the same day, the woman received a pension roughly 25 per cent higher than that of her brother; and if the employer bought an annuity out of a lump sum for both of them, he would have to pay more to buy the woman the same monthly income as her brother.

Now, it appears as if this will come to an end. "The mere fact that, in general, women live on average longer than men cannot, therefore, be a sufficient reason to provide for different *treatment in the matter of con*tributions and benefits under occupational pension schemes," the advocate-general said in his opinion.

While they do live longer, there is no evidence that any one particular woman will live longer than any one particular man; and if sex is to be a guide to the size of pension, than the inclination to smoke or drink ought to be as well, the advocate-general added.

The ruling has particular significance for those employers who finance pension benefits through the purchase of an annuity for each employee upon retirement, said John Cunliffe, a partner at solicitor McKenna and Co, which represented the Coloroll trustees. It *also has huge implications for* so-called money purchase schemes in which the employee receives a lump sum upon retirement, although the court has not been asked specifically to give an opinion on this matter.

The question is how insurers are going to respond to the ruling. The advocate-general said there was no legal basis for requiring insurance companies which sell annuities to calculate rates on a unisex basis. But clues about what might happen can be gleaned from the US, where the Supreme Court made a similar ruling nearly 10 years ago.

In broad terms, insurers there have cut men's annuity payments to the lower levels of women. And data culled from annuity rates offered by Equitable Life offer a picture of just how much difference there will be with unisex rates. An annuity paying £100 a month will cost a 65-year-old man £9,894, while a 65-year-old woman will pay £11,295. A monthly annuity purchased with £10,000 will buy a 65-year old man a benefit *of £101.07 a month, but a* woman of the same age will get only £88.53 for the same sum.

Significantly, the ruling does not affect those who receive a lump sum from their employer and then go out into the market-place to buy it on their own behalf. For those people, the response of the insurance industry to the ruling will be what matters.

Consider, though, the position of employers trying to provide equal pensions. According to Equitable Life's data, a pension scheme which is 75 per cent male and 25 per cent female will find the cost of a £100-a-month annuity for those at age 65 to be £10,244. As the balance shifts to 75 per cent women, the cost rises to £10,945. But even that is less *than providing an annuity for* a woman on her own.

Pension schemes offering an "open market option," in which members can either go with the trustee's annuity policy or buy one on their own, *may find* that sex will be the key determinant in deciding whether to exercise that option. "If I were a woman, I'd stick with the trustee. If I were a man, I'd run to the nearest insurance company," said Cunliffe.

Help for school fees

***John Authers** explains how parents can benefit*

SCHOOL fees went up by more than inflation again last year – but parents showed signs that they had, finally, worked out how best to plan for paying them.

Average fees increased by 8.3 per cent in 1992, according to the latest census of schools by the Independent Schools Information Service (Isis). But this figure includes wide variations. Term fees for boarding schools increased to an average of £3,125, while day school fees rose to £1,368.

There are also broad regional variations. Boarding school fees range from £2,003 in Ireland (including both the republic and Ulster) to £3,532 in Greater London, while day fees vary between £686 (again in Ireland) to £1,540 in Greater London and the south-east.

More than a quarter of independent pupils now receive financial aid for their fees, most of which comes from schools' bursary and scholarship funds. Indeed, many schools are in such difficult circumstances that, often, they will be prepared to make a contribution just to keep their fee income flowing.

The government's assisted places scheme is useful for those on total family incomes of less than £25,000, and take-up is improving – 31,582 pupils are now benefitting from it.

For those who have not saved in advance, Isis has a special reserve plan which provides cheap lending facilities for parents. Draw-down loans come from the Halifax, and you borrow money only when it is needed for another term's fees.

This scheme has two big advantages. The first is the rate of interest, which is linked to the Halifax's base rate of 7.99 per cent. If borrowing is likely to be more than £60,000, the rate charged will be 7.54 per cent; this drops to 7.39 per cent if you borrow more than £100,000.

The second is that there are no strings to how you repay the loan – you are not forced to buy an endowment policy. Michael Kaye of Claremont Savile, the independent adviser which administers the scheme, says: "Endowment mortgages, long held to be an answer, are no longer attractive and are neither cost-effective nor tax-efficient."

Instead, Claremont Savile steers parents towards the least risky and most tax-efficient investments first. In more complex cases, you can also opt to sell endowments to market-makers – *which could give you a big pile of* cash – or make them paid-up, thus avoiding further outlay.

The Isis scheme has been on offer for a year and now pays out almost £1m a week to parents. Obviously, it is still better to save in advance; but if your child is about to start school, and you cannot fund fees out of income, there is no need to borrow any more, at any higher cost, than you need.

■ *For further information, contact Isis on 071-630-8793 or Claremont Savile 0344-28787.*

Record sales for unit trust Peps

*Investors flock in, says **Scheherazade Daneshkhu***

PERSONAL equity plans have become one of the most popular ways of investing money, if the record sales achieved by unit trust Peps are anything to go by. These plans, which account for the majority of Pep deals, achieved net sales of £846m in the first quarter of the year. They accounted for almost half the net amount – £1.8bn – taken in by unit trusts in the first quarter of the year.

Peps allow investors to hold equities free of income and capital gains tax, subject to investment limits. The maximum investment in a general Pep is £6,000 in a single tax year. In addition, investors can also hold another £3,000 in a single company Pep.

Sales of Peps tend to increase in the first quarter of the year as people top-up or new investors take out a plan before the end of the tax year. Unit and investment trust Peps were given a significant boost in the 1992 tax year when their annual investment limit was raised from £3,000 to that of a general Pep.

The last quarter, therefore, has been the first before the end of a tax year in which unit trust Peps have been on an equal footing with general Peps. "Since the government allowed people to invest a full £6,000 Pep allowance in unit trusts, close to £2bn has been invested," says Gavin Grant, of the Association of Unit Trust and Investment Funds.

At least of equal importance has been the background of falling interest rates which has pitched equities, building societies and National Savings into a battle for investors' money. Building society net receipts amounted to £820m in the first quarter of the year – approaching three times net receipts in the whole of 1992, which totalled a mere £295m.

Mark Boleat, of the Building Societies Association, said last month that "faced with renewed competition from National Savings and unit trusts, building societies have been adding to their range of savings products. This has enabled them to maintain a steady inflow of funds over recent months."

Mindful that many people are looking for income, unit trusts have been marketing Peps aimed at meeting this income need. In February, M&G launched a Managed Income fund with a 5 per cent yield. Fidelity offered its High Income fund, investing in high-yielding equities and fixed-interest stocks to produce a 6 per cent yield.

The Cazenove Utility and Bond fund, also launched in February, invests in utility stocks to produce a 7 per cent yield. But the most spectacular plan was launched by Hypo Foreign & Colonial. Its Higher Income scheme offers a yield of 10 per cent through use of the options market.

Falling interest rates have fuelled the battle for investors' money

"People have been forced to look at Peps to boost their income, and they are proving a very attractive option," says Robin Bloor, of Chase de Vere, publishers of *Pep Guide*. "Money from maturing guaranteed income bonds and the building society has been going into these products."

The Association of Unit Trusts expects sales of unit trust Peps to remain strong in the coming year despite Budget changes to advance corporation tax; these have reduced income tax saving for basic rate Pepholders.

Meanwhile, at least 1,000 Foreign & Colonial Pep investors will have part of their Pep holdings sold as a result of an inadvertant breach of the Pep rules by F&C. Its High Income investment trust (not to be confused with Hypo F&C's unit trust plan) has been made ineligible for inclusion in a Pep as a result of new rules announced by the government in December.

As a "non-qualifying" trust – one that does not hold at least 50 per cent of its assets in the UK or European Community – F&C High Income was eligible only for Pep investment of up to £1,500.

The new rules, which took effect on April 6, state that any non-qualifying investment or unit trust which has less than 50 per cent of its assets placed in ordinary shares cannot be included in a Pep. The move was designed to prevent funds investing primarily in gilts or bonds rather than equities.

Only 30 per cent of F&C's High Income fund is invested in equities – the rest is in high-yielding convertible preference shares and fixed-interest stock. But F&C does not want to increase investment in equities because this would result in a lower dividend to its shareholders.

The trust also has a dollar-denominated loan fixed at 9¾ per cent interest until 1997, and cannot afford to switch to lower-yielding equities.

The Inland Revenue is giving F&C a period of grace in which it is allowed to sell the trust's shares and re-invest the proceeds. As long as this is done by June 9, there will be no tax liability for those F&C Pepholders concerned.

Once F&C sells the shares, it will hold the proceeds on the money markets until its Pep investors give it new instructions. Investors can switch to a different F&C investment trust or to another company without paying F&C's usual £50 transfer charge, which is being waived.

Jeremy Tigue, director of Foreign & Colonial management and manager of the F&C High Income trust, said it was "very disappointing" that the change in the rules meant the trust could no longer be held in a Pep.

Top annuity rates

ANNUITY RATES are at their lowest for many years, says Peter Quinton of the Annuity Bureau (11-12 Hanover Square, London W1R 9BD, tel. 071-495 1495) which produces the *FT's* table. The rates listed are based on a purchase price of £100,000.

"Over the past few weeks, however, several leading insurers have re-positioned themselves in the marketplace by improving their rates," Quinton adds. Royal Life raised its rates this week.

Billy Burrows, of Annuity Direct, says rates have flattened after a two-year fall. He expects them to stay at present levels or even drop slightly in the short term, with no significant changes either up or down.

ANNUITY RATES

■ Level annuity with 10 year guarantee			
Male age 50	Annuity	Male age 60	Annuity
Royal Life	£9267.12	Royal Life	£10386.94
Prudential	£9223.68	Equitable Life	£10329.96
Equitable Life	£9209.04	RNPFN	£10347.00
■ Level annuity with 10 year guarantee			
Female age 50	Annuity	Female age 60	Annuity
Royal Life	£8959.50	Royal Life	£9787.51
Prudential	£8837.16	RNPFN	£9674.00
Equitable Life	£8694.00	Prudential	£9606.36
■ Annuity escalating by 3% per annum			
Male age 50	Annuity	Male age 60	Annuity
Royal Life	£6976.33	Royal Life	£8294.27
Prudential	£6939.84	RNPFN	£8283.00
Equitable Life	£6908.04	Equitable Life	£8172.96
■ Annuity escalating by 3% per annum			
Female age 50	Annuity	Female age 60	Annuity
Royal Life	£6583.79	Royal Life	£7636.76
Prudential	£6483.24	RNPFN	£7527.00
RNPFN	£6383.00	Prudential	£7408.44

All annuities are compulsory purchase. Payments are monthly in advance

The Week Ahead

BAT Industries, the UK-based tobacco and financial services group, will be quizzed about the impact of the US cigarette price wars when reporting its first-quarter results on Wednesday.

The decision by US tobacco group Philip Morris to slash prices in April had no impact on BAT's figures to the end of March, which are expected to show pre-tax profits up from £258m to about £350m. But the UK group's share price has fallen by 17 per cent since the price cuts started and analysts will be keen to get an update.

The results will include a currency gain of about £30m, but also reflect stronger performance by BAT's insurance subsidiaries, Eagle Star in the UK and Farmers in the US.

British Petroleum is expected to show on Thursday a slight decline in its replacement cost profit for the first quarter when compared with the final quarter last year. Nick Antill at Hoare Govett estimates the company will make £190m compared with £200m. In the same period last year, the company posted a profit of £89m. But BP will have done well to keep the result fairly stable when oil prices and refining margins declined leading to a downturn in pre-tax operating profits. This will partly be offset by lower interest and tax charges and a boost from the dollar-sterling exchange rate.

Refining margins in Asia improved and chemicals are expected to be no worse than last year. Tate & Lyle is expected to report on Wednesday an increase in interim pre-tax profits of about 15 per cent to £103m, thanks partly to sterling's devaluation.

Royal Bank of Scotland, also reporting interim the same day, is forecast to produce about £65m pre-tax after bad debt provisions, against £48m a year earlier. Positive factors include flat costs, rising fee income and widening mortgage spreads.

Bank of Scotland, on Thursday, is expected to report flat pre-tax profits for the year ended February of about £140m. Operating profits will have grown by about 12 per cent but bad debt provisions have risen.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Aberdeen Pet.	17	16¾	16	7.76	Pittencrieff
Baxbuild Dev.	68*	87	78	3.68	Philip Shapiro
Brabant	58*	58	44	9.72	EDC
Brown Shipley	35*	35	30	5.58	GPG Group
Buckingham	2¾*	3¾	4½	3.31	Purlieus
East Worcester	2432*	475	475	26.30	Severn Trent
East WorcesterN/V	1920*	325	335	2.40	Severn Trent
Gabicci ‡	42	42	41	4.93	Helene
Hoskyns	469*	56	464	433.00	Cap GeminiSogeti
House of Lerose	190§§	191	169	10.82	Country Casuals
Kirkland AS	582§	315	-	21.61	Oliver Resources
Platon Int'l ‡	31	29	20	3.30	Willis
Savage	79 ††	77	71	47.2	McKechnie
TIP Europe	42*	41½	25½	71.0	GE Capital
Thames TV	200*	195	175	99.0	Pearson
Teredo Pet.	5	5½	5	1.56	Cairn Energy

*All cash offer ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 30/4/93. §§Shares and cash. †Price at suspension.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Berry Starquest	InTr	Jan	1609	(1579)	3.1	(3.0)	2.2	(2.0)
Black (A & C)	Med	Dec	535	(389)	24.4	(16.9)	13.5	(13.0)
Bourne. & W.Hamp Wat.	Wtr	Dec	4,750	(3,420)	152.0	(149.0)	38.0	(-)
Britannia Group	Prop	Dec	383 L	(690 L)	-	(-)	-	(-)
Brixton Estate	Prop	Dec	28,500	(27,400)	13.86	(12.64)	8.35	(8.1)
Cannon St Invs.	Cong	Jan	115,500 L	(34,300 L)	-	(-)	-	(-)
Capital & Regional	Prop	Dec	422	(367)	0.41	(1.26)	1.1	(1.0)
CI Group	Eng	Jan	1,510	(3,330)	1.04	(2.65)	1.0	(2.05)
Comac	BsSr	Dec	394	(362)	3.94	(4.05)	1.5	(-)
Eadie Holdings	Eng	Dec	806	(1,240)	1.42	(-)	0.5	(-)
Edinburgh Inv. Tst.	InTr	Mar	27,200§§	(24,100§§)	9.25	(8.19)	8.4	(8.05)
English National Inv.	InTr	Mar	517	(510)	11.5	(11.3)	16.2	(15.2)
Farnell Electronics	Elec	Jan	41,600	(32,700)	17.2	(16.5)	6.2	(5.8)
Fitch	Med	Dec	3,980 L	(417 L)	-	(-)	-	(-)
Fitzwilton	FdRt	Dec♣	1,660 L	(231 L)	-	(-)	3.5	(3.5)
Fleming Contl. Euro.	InTr	Mar	1,800§§	(1,550§§)	2.71	(2.32)	2.7	(2.6)
Folkes Group	Eng	Dec	1,000	(2,500)	1.29	(4.93)	1.5	(2.375)
Govett Oriental	InTr	Mar	8,750‡	(8,990‡)	1.41	(0.91)	0.95	(0.9)
Grampian TV	Med	Feb	3,210	(3,180)	14.75	(14.23)	6.1	(5.8)
Herring Baker Harris	Prop	Jan	1,360	(3,500)	3.97	(19.16)	3.75	(7.0)
Holt (Joseph)	B&D	Dec	7,040	(6,370)	154.8	(136.0)	41.0	(36.0)
Hopkinsons	Eng	Jan	2,080	(5,160)	1.31	(4.57)	1.3	(3.7)
How Group	*C&C*	*Dec*	*2,280 L*	*(1,300)*	*-*	*(1.82)*	*1.5*	*(2.9)*
Jones Group	Eng	Dec♣	3,060	(3,450)	18.9	(20.0)	12.5	(12.5)
Jove Inv. Tst.	InTr	Feb	1,520§§	(1,650§§)	5.94	(6.53)	5.6	(5.4)
Jupiter Tyndall	OtFn	Dec	5,700	(1,170)	13.6	(4.4)	7.5	(5.0)
Linton Park	FdMa	Dec	7,680	(1,160 L)	31.8	(-)	14.0	(13.0)
Lopex	Med	Dec	210	(396 L)	-	(-)	-	(-)
Moss Bros	Strs	Jan	2,300	(1,320)	8.52	(8.19)	5.5	(5.0)
Porth Group	Misc	Dec	1,200 L	(1,340 L)	-	(-)	-	(-)
Resco	Cong	Dec	682 L	(373)	-	(-)	-	(-)
Reed Executive	BsSr	Dec	7,330 L	(7,880 L)	-	(-)	-	(-)
S & U	OtFn	Jan	4,820	(4,310)	27.4	(25.35)	10.0	(9.15)
Sears	Strs	Jan	83,500	(81,200)	4.2	(4.2)	3.5	(5.355)
Shiloh	Text	Mar	757	(503)	8.74	(5.82)	2.9	(2.75)
Slingsby (HC)	Eng	Dec	111	(83)	9.3	(4.4)	7.5	(7.5)
Tarmac	BdMa	Dec	350,300L	(21,000)	-	(-)	5.5	(6.5)
Travis Perkins	BdMa	Dec	11,000	(14,000)	7.7	(10.8)	8.0	(8.0)
Trinity Holdings	Mtrs	Jan	7,070	(3,390)	107	(6.2)	1.5	(-)
Tullow Oil	O&G	Dec♣	1,630	(1,240 L)	1.12	(-)	-	(-)
Venturi Inv.	InTr	Mar	241§§	(215§§)	3.58	(4.03)	3.45	(3.25)
Waterford Foods	FdMa	Dec♣	20,400	(15,900)	10.04	(8.27)	2.73	(2.626)
Wensum	Tex	Jan	44 L	(607)	-	(5.83)	1.825	(3.5)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Air London	BsSr	Jan	411	(671)	1.5	(1.5)
Automagic Holdings	Misc	Jan	76	(435 L)	-	(-)
British Assets Tst.	InTr	Mar	7,410§§	(7,470§§)	1.07	(1.04)
British Empire Secs.	InTr	Mar	2,060†	(1,740†)	0.25	(0.25)
Dakota Group	PP&P	Mar♣	1,380	(144)	-	(-)
Dickie (James)	Eng	Feb	250	(292 L)	-	(-)
Hasmocell	H&H	Jun	868	(763)	-	(-)
Hoare Govett Smaller	InTr	Mar	182§§	(-)	-	(-)
ICI	Chem	Mar‡‡	233,000	(212,000)	-	(-)
Investors Capital	InTr	Mar	5,690●	(5,210●)	1.27©	(1.27©)
Kwik Save	FdRt	Mar	61,000	(51,200)	5.4	(4.7)
Leeds Permanent	BsSr	Mar	90,200	(95,100)	-	(-)
Lowland Inv	InTr	Mar	1,200	(1,300)	3.2	(3.0)
Lyles (S)	*Tex*	*Dec*	*102*	*(488)*	*1.55*	*(1.55)*
Majedie Inv.	InTr	Mar	1,260§§	(1,150§§)	2.0	(1.25)
McKechnie	Otin	Jan	10,800	(10,600)	5.0	(5.0)
Merivale Moore	Prop	Dec	747	(1,680)	-	(-)
Merlin Intl. Props.	InTr	Dec	652 L	(2,690 L)	-	(-)
Molyneux Estates	Prop	Dec	246 L	(222 L)	-	(-)
Murray Split Cap.Tst	InTr	Feb	580♦	(-)	6.3	(-)
New Frontier Dev.	InTr	Mar	395§§	309§§	-	(-)
Sage Group	Elec	Mar	5,380	(4,340)	3.32	(3.02)
Stanhope Props.	Prop	Jun	15,400 L	(15,300 L)	-	(-)
Usborne	FdMa	Dec	867	(-)	0.2©	(0.2)
VTR	Med	Feb	202	(159)	1.2	(1.2)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. §§ = Net revenue. † = Gross income. ♣ = Figures quoted in Irish pounds & pence. ‡ = Gross revenue. ● = Available revenue. © = 2nd interim dividend. ♦ = Total Revenue ‡‡ = 1st Quarter figures.

RIGHTS ISSUES

BTP is to raise £72m via a 2-5 rights issue at 185p
Sinclair Goldsmith is to raise £2.68m via a 1-4 rights issue.
Meyer International is to raise £70m via a 4-1 rights issue at 290p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Bryant Group is to raise £18m via a placing of 13m shares at 137.5p
China Investment Trust is to join stock market via placing of 12m shares at 100p
Dragon Oil is to raise up to £8m via a placing and open offer.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Bank of Scotland	Bank	Thursday	1.7	2.65	1.77
BDA Holdings	Prop	Friday	-	-	-
Beattie (James)	*Strs*	*Wednesday*	*1.4*	*4.35*	*1.4*
BMSS	BdMa	Tuesday	2.0	2.7	-
Brown (N)	Strs	Wednesday	1.75	4.25	1.95
Co-op Retail Services	RtSr	Thursday	-	-	-
Cooper Clarke	BdMa	Friday	-	-	-
Copymore	Misc	Thursday	1.7	-	1.0
Highcroft Inv Tst	Prop	Thursday	1.05	2.65	1.1
Korea Liberalisation	InTr	Tuesday	-	-	-
LIT Holdings	*OtFn*	*Wednesday*	-	-	-
London American Ventures	InTr	Thursday	-	-	-
Radiotrust	InTr	Thursday	-	-	-
Select Appointments	BsSr	Friday	-	-	-
Silentnight Holdings	Misc	Tuesday	2.25	5.75	2.25
Smith (James) Estates	Prop	Thursday	1.35	2.5	1.4
INTERIM DIVIDENDS					
BAT Industries	Misc	Wednesday♣	14.6	22.6	-
Bellway	C&C	Thursday	4.0	7.5	-
BP	O&G	Thursday♣	2.1	2.1	-
Broadgate Inv Tst	InTr	Tuesday	-	-	-
City Merchants High Yield	InTr	Thursday♣	2.0	1.7	-
Fidelity Japan OTC & Reg	InCo	Thursday	-	-	-
FR Group	EngA	Wednesday	2.46	4.74	-
Ingham	Text	Tuesday	1.5	4.5	-
Jefferson Smurfit	PP&P	Thursday	-	-	-
MMT Computing	Elec	Thursday	1.1	2.4	-
Philips Electronics	Elec	Wednesday	-	-	-
Royal Bank of Scotland	Bank	Wednesday	2.8	6.0	-
Tate & Lyle	FdMa	Wednesday	4.0	8.0	-
Titon Holdings	BdMa	Wednesday	1.13	2.44	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ♣ = 1st quarter figures.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Diary of a Private Investor

When shareholders are caught bang to rights

***Kevin Goldstein-Jackson** casts a questioning eye over this year's plethora of issues and their merits*

THUD: Another rights issue document falls through my letter box. So far this year, there seems to have been a plethora of them.

In January, my wife was invited to increase her very small shareholding in Burton Group by taking up her one-for-four rights entitlement at 60p a share. Reading the document, it seemed that the money raised would be put to good use: refurbishing many of the group's stores and reducing borrowing levels. The company was also cutting 933 staff employed in "head office functions."

In our wanderings around shopping centres, my wife and I had commented already on some of the dreary-looking Top Shop and Dorothy Perkins stores; it must be hoped that the money to be spent on them will encourage more customers.

But we also liked the group because of its flair for marketing: almost every week, it seems to find some excuse for another heavily-promoted sale in its Debenhams stores. My wife's shareholding in the group entitles her to a 12.5 per cent discount on all purchases at the group's shops, which also include Principles and Champion Sport. This encourages shareholder loyalty.

My wife's decision to buy the rights issue shares has so far proved profitable, as Burton's shares are now more than 80p.

Much less appealing was Lonrho's three-for-10 rights issue in February at 85p a share. It seemed to me that this was pitched at such a level as to enable Dieter Bock, a substantial new shareholder in the company, to increase his stake through underwriting part of the issue.

Although I have made some good profits over the years from buying and selling Lonrho shares, the share price fluctuations in recent times have been too much. My holding at the time of the rights issue was, therefore, minimal.

But the imminent sale of *The Observer* newspaper (owned by Lonrho) to the Guardian and the rise in the price of gold (Lonrho has a 45 per cent stake in the huge Ashanti gold mine in Ghana), plus Bock's influence on the group's German activities, have made me wonder if Lonrho is due for a re-rating. The company has many other interests, and I shall be monitoring it closely before deciding whether to increase my holding through the market.

In April, I received details of rights offerings from three companies: Davis Service Group, Sycamore Holdings and Television South West (TSW). I have not taken up any of them; indeed, the details have persuaded me to dispose of my holdings in two of those companies.

I bought shares in Davis for my personal pension scheme in February this year, paying 205p apiece in anticipation of good results in March. And Davis did announce good results: profits were up by more than £3m and the shares rose to 230p.

On April 7, though, the company sent shareholders details of a vendor placing and open offer of almost 17m new shares at 205p – plus news of its proposed acquisition of HSS Higher Service Group from Mowlem.

The cost of this was £52m – which I thought rather high for a company hiring out small plant, tools and equipment.

HSS appears to have net assets of less than £7m and had an operating profit (before interest charges and tax) of only £4.765m for the December 31 1992 year-end.

So, I sold my Davis shares for 229p. I could well be proved wrong but, in these days of continuing uncertainty in the markets, I prefer to err on the side of caution.

Sycamore seems to be making a habit of rights issues. My pension scheme took up its two-for-one offer in September 1990 at 10p, and I hoped the company's new management team would improve performance.

In June 1991, Sycamore made an open offer to shareholders of 17 new ones for every 20 held at a price of 19p. The company proposed using the proceeds to fund a number of acquisitions including Warwill, a foundry and engineering company.

By this time, I had reduced my holding substantially as I did not share directors' hopes for Sycamore's immediate prospects. Some of its products – particularly garden furniture – appeared increasingly unattractive compared with rival products. And I was not keen on the foundry business.

Thus, by the time of this April's two-for-five rights issue at 5p, my pension scheme had very few Sycamore shares left. What I read in the rights document caused me to sell the rest.

As I had thought, its garden furniture business had run into difficulties; these were explained away in the document as "a combination of poor summer weather and depressed consumer demand." And, for the six months to December 31 1992, Warwill, had losses of £581,000.

Sycamore's other businesses were faring rather better, but the main reason for the rights issue was to reduce the company's borrowings as it had experienced "considerable strain" on its financial resources. I decided the risk of maintaining my holding was too great; there were better investment opportunities elsewhere.

As for TSW, a small ITV company that lost its franchise last year, I was its founder and, until January, 1985, the chief executive. At one time, I held 1.25m shares in it; now I have just 500, mainly for sentimental reasons.

The board of the company seems to have been well rewarded for losing the franchise – and for committing the company to a lease until the year 2000 on expensive office accommodation in Knightsbridge [west London] which, the rights issue document points out, has now led to provisions of £2m.

The chairman saw his salary increase to £149,000 in 1992 and the highest-paid director received £259,000 – up from £90,000 and £149,000 respectively for the 17 months to December 31 1991.

TSW's one-for-six rights issue, at 47p, is for the company to transform itself into UK Safety, a safety footwear business. I thought the offer was unappealing. So, I have several questions:

- For what are the proceeds going to be used?
- Is there anything in the small print of the issue document that might cause concern?
- Will the existing directors of the company be taking up their entitlement?
- Is the issue likely to be a success, or will many of the shares be left with the underwriters – so that the price falls eventually to below the rights price?
- If the company was not having this issue, would I buy more shares in it at the issue price? If not, then why back the company further when I do not have 100 per cent confidence in it?

The answers to these questions will determine my reaction to the issue.

Directors' Transactions

Buyers take over

IN A RELATIVELY quiet week, there has been a change in bias from selling to buying.

This may reflect the improvement in directors' confidence for the economic outlook. Whether this will be sustained remains to be seen.

Shares in Lincat Group, which designs and manufactures commercial catering equipment, have risen steadily since March 1992. That was when Martin Craddock, the chairman and chief executive, bought 15,000 shares at 72p.

Last week, John Craddock, the president, sold 250,000 at 148p, reducing his holding to about 1.44m

At the end of March, British Polythene Industries' completed successfully a one-for-six rights issue. Rex Stone, the non-executive chairman, has now sold 200,000 shares at 488p to leave him with 550,059 shares.

Persimmon, a residential building and development company, has seen its share price rise 30 per cent relative to the FT-SE 100 index over the past three months. Last week, chief executive John White sold 80,000 shares – over half his holding – at prices between 271p and 277p.

The directors of Expamet International, the metal products company, have been buying shares since August last year. Dr John Roberts, the chairman, bought 450,000 last week at 53-55p, so increasing his holding to 504,843 shares.

Colin Rogers,
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Assoc Nursing Servc	Hlth	50,000	105	1
British Polythene	PP&P	200,000	976	1
Croda Intl	Chem	30,000	82	2
Haggas (John)	Text	16,000	19	1
Kode	Elcs	20,000	34	1*
Lincat	Misc	250,000	370	1
NFC Variable Voting	Tran	6,000	16	1
Persimmon	ConC	80,000	219	1
Protean	EngG	7,000	11	1
Servomex	Elcs	9,715	26	2
United Newspapers	Med	35,000	206	1*
Watmoughs	Med	8,000	52	1
Whatman	Hlth	2,100	10	1
PURCHASES				
Aberdeen Trust	OthF	50,00	18	1
Amberley Group	Misc	160,000	43	1
British Assets Tst	InvT	50,000	68	1
Brooke Tool Eng	EngG	150,000	11	2
Elec & Gen Inv Co	InvT	50,000	77	1
Evered Bardon	BMat	130,041	49	1
Expamet	IndM	450,000	246	1
Hall Engineering	EngG	17,788	33	3
London Forfaiting	OthF	200,000	389	2
MTL	Elcs	10,000	22	1
Rentokil	BuSe	9,356	20	1
Smith (WH) A Ord	Stor	2,500	11	1
Smiths Industries	EngA	21,505	76	5
Smith New Court	OthF	35,000	74	2
Spear (JW)	Misc	4,000	19	1
Sun Alliance	InsC	6,000	16	1
TI Group	EngG	10,000	30	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 19-23 April 1993.

Source: Directus Ltd, The Inside Track, Edinburgh

FINANCE AND THE FAMILY

Investment Trusts

Independent in spirit and practice

***Peter Martin** finds enthusiasm and paradox at Bankers' Investment*

MICHAEL Moule is an enthusiast. When he talks about investment trust management, words race each other to be first out of his mouth. When a full coffee cup gets in the way of his eager gestures, it is swept aside unceremoniously; the resulting flood of lukewarm liquid does not interrupt the verbal flow.

There is a paradox here: what Moule is describing with such intensity is an investment strategy of caution, restraint, moderation. The Bankers' Investment Trust, which he has managed with striking success since 1977, is an old-fashioned international general investment trust, with an investment attitude to match.

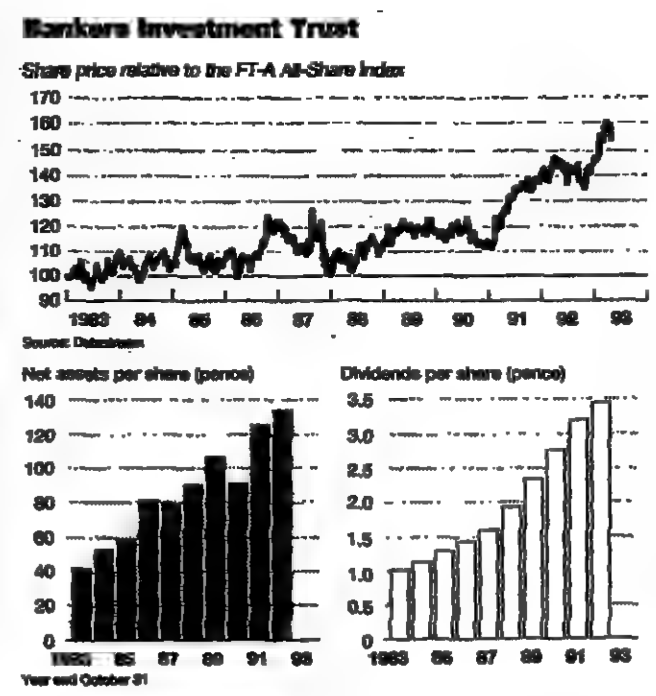
Although managed since the mid-1970s by Touche Remnant (since last year, part of the Henderson fund management group), Bankers' has stayed independent in spirit and in practice, refusing to add the TR initials to the front of its name and avoiding cross-holdings in other TR funds. Indeed, independence has been taken to surprising lengths: Bankers' chairman is Andrew Barker, vice-chairman of a rival fund management house, Foreign & Colonial.

There are a number of other paradoxes. Moule is a value investor, aiming to buy shares when they are cheap and sell them when the market recognises their virtues once again. That approach traditionally produces good long-term performance, although at the price of never doing remarkably well in any individual year. Yet, Bankers' not only stands top of its performance sector in the *Finstat* rankings for the past five and seven years, it has also produced good short-term performance in the past few years.

Although Moule has a healthy regard for the virtues of dividends, he has taken the trust away from the high end of the income range. His aim is to buy shares with a yield around the middle of the market, with a portfolio yield of around 3½ to 4 per cent.

Value investors often concentrate on large, long-term investments in a relatively small number of shares they know well. That way, they get the maximum benefit from their painstaking judgments. By contrast, Bankers' holds shares in a relatively large number of issues – 340 at the last year-end, in October 1992 – and Moule rarely takes large stakes in them.

His typical "unit" of investment is £1.5m, but often he will start by buying much less. And although he holds some shares happily through long, dull years, waiting for the upturn he is sure will come, he turns over 35 per cent of the portfolio each year. At the last year-end, 49 per cent of Bankers' assets were in the UK, with 23 per cent in the US and 17 per cent in continental Europe. Equities made up 85 per cent of the gross assets, with 8 per cent in convertibles and bonds and the rest in cash. (Moule usually avoids unquoted companies). Bankers' has £11.3m of debenture debt: a 4 per cent perpetual debenture of £1.3m; and a £10m debenture at 10.5 per cent.



In general, Moule prefers the highly developed Anglo-Saxon markets. He says: "The value investor can only operate in very efficient capitalist markets like the US and UK because, in these markets, if the incumbent management won't do what's necessary to realise a company's value, someone else will. You get bailed out of your mistakes if your judgment on asset quality is correct."

Some purchases of undervalued shares pay off spectacularly: when a share yielding 9 per cent goes to 3 per cent, for example. But this happens rarely; a more common success is a share that moves from yielding 60-70 per cent above the market average to yielding 30-40 per cent above it. The trick, says Moule, is to be satisfied with this, and to know the right moment to sell. "Everything has its price. For every share we own, I know the price at which I'd get out of it."

This approach led him into the mid-cap shares in the FT-SE Mid 250 index late in 1991 and early in 1992. Now, when that index has outperformed spectacularly, he is moving into worse-performing FT-SE 100 stocks, including big drugs companies.

The narrowing of Bankers' discount to net asset values in recent years has rewarded long-standing shareholders, and might lead to a new issue of shares if the price goes to a steady 4-5 per cent premium for a while. It has, however, led many traditional insurance company shareholders to sell out (although institutions still dominate the share register).

Shareholders buying on such a narrow discount are vulnerable if it widens later on: when investment trusts were most out of fashion, the discount touched 32 per cent. Of course, to a value investor, that would have been a buying signal . . .

■ **Key facts**
At the end of October, 1992, the trust had gross assets of £229m and net assets of £219.6m. On April 27, it had net assets per share of 151.2p and the shares were trading at 148¼p, a discount of 1.8 per cent. The yield was 2.9 per cent and the market capitalisation was £151.2m. Bankers' pays quarterly dividends. Henderson has a management contract with a two-year notice period, for which the annual fee is 0.44 per cent of quoted assets and 1.25 per cent on unquoted assets.

■ **Board**
Bankers' has a five-person board chaired by Barker. The other directors are Richard Brewster, chief executive of Jarvis Porter, the printing and packaging group; John Crosland, formerly a director of the Fleming fund management group; Patrick Hedley-Dent, a director of Travel & General Holdings; and Moule.

■ **Savings plan details**
The minimum monthly investment into the savings scheme is £25, and £250 for a lump sum purchase. There is a 1 per cent charge on sales and purchases (which falls to 0.5 per cent for transactions of more than £15,000.) The trust is not eligible for Peps.

Escaping the mortgage trap

A MONTH ago, Sara and Howard Fagelman moved into a familiar house. It was the same three-bedroom, semi-detached in Leeds which they had had to leave two years ago when they fell into £10,000 arrears on their joint mortgage after the liquidation of his business.

"The debt got to the point where we did not have any money to spend at all," said Fagelman this week. But they were lucky in their mortgage lender. The Bradford & Bingley is unusual in having a large mortgage-to-rent scheme, allowing those in arrears to become tenants instead.

This week saw further evidence that the worst of the crisis in mortgage repossessions, caused by the rise in interest rates and fall in house prices at the turn of the decade, is easing. The government announced a 24 per cent fall in the number of reposession actions starting in the first quarter.

The fall in base rates over the past six months has been the prime cause of the easing. Yet, there also is evidence that government initiatives, which have had teething difficulties since they were announced 18 months ago, have started to become effective.

The mortgage-to-rent scheme which has helped the Fagelmans is a case in point. It was at the heart of the initiative announced by the government at the end of 1991, and suggested how lenders and housing associations might work together so that borrowers could become tenants.

The idea was that associations would borrow from lenders to buy properties on which there were arrears.

Those in arrears would then convert the debt into a loan on which there would be an interest "holiday"; at the same time, they would pay a lower rent to the association to remain in their home.

This has happened to the Fagelmans. Their home has been bought by a mutual housing association set up by Bradford & Bingley and English Churches Housing, one of the largest associations. ECH is paid management fees to repair and manage properties.

The Fagelmans now pay £220 a month in rent compared with the £900 they were paying on their £57,000 mortgage. They also pay £10 a month on their arrears loan. "It has been a humiliating experience, but we have bounced back and it has made our relationship stronger," says Mrs Fagelman.

The terms of the scheme have been more attractive than some others established by lenders because the fully mutual vehicle can claim mortgage interest tax relief. Bradford & Bingley has transferred the debt of 160 borrowers so far, and is planning to raise the number to about 500 a year from now.

The society believes that others which had difficulty setting up acceptable terms with housing associations for mortgage-to-rent schemes – the reason for early doubts about its viability – may not have adopted the right structure. It says it has had two inquiries from other top 10 societies.

The scheme has also managed to establish workable new terms for tenants, with most rents falling between £41 and £50 a week. Colin Sherrift, ECH's housing director, says that thousands of households could benefit if more of the 90 societies and 2,000 associations adopted similar schemes.

John Gapper

Executor finds job too tough to handle

SOME THREE years ago, I agreed to be the prospective executor of an elderly woman relative. From information gleaned, it did not appear that there should be much difficulty in handling her estate (around £25,000-£30,000), a task I had previously carried out without undue problems.

The woman recently died and, while I have obtained papers for a personal probate application, a quick assessment of the papers would clearly indicate that I was not provided with the full facts when I accepted the task.

There are indications that there will be much more complication than anticipated due, in no small part, to the role played by those concerned in assisting the woman in the management of her affairs in the last year or so.

Additionally, being a senior citizen of some "vintage," my own health has given grounds for concern and I now feel unable to undertake such an open-ended commitment. A bank account in my and the deceased names was opened three years ago; from this, I have paid funeral expenses and will continue to ensure that all such will be met. If necessary, I will fund any shortfall from my own resources.

No application has yet been made for probate and I would like to divest myself from this responsibility, but am unaware of the procedure. The beneficiaries being family, I am advising them of my views and that I am in contact with you for advice.

Does one have to go to a solicitor with the considerable expense involved? I hold the original will (and copies) detailing me as executor.

■ A person who has been nominated as an executor in a will has a right to probate or administration. He may renounce that right either before probate has been granted or simultaneously with an application for grant. The renunciation must be absolute and in writing.

It takes effect from the signature. The letter of renunciation must be witnessed by a disinterested person. The renunciation, together with the original will, are then filed in the district registry. A separate renunciation of administration must be made if the executor is also entitled to a grant of administration.

If an executor has intermeddled in a deceased's estate, his renunciation will not be accepted. Any act in relation to the testator's property, which indicates an intention to take on the executorship, constitutes acceptance of the office of executor.

You state in your letter that you have paid the funeral and other debts of the deceased.

This may not amount to intermeddling provided the payments were not large and provided you have not otherwise dealt with the property of the deceased.

You may therefore, still be in a position to renounce the executorship. It may be useful to approach the local registry and discuss the matter with them. There is no need to brief a solicitor to do this on your behalf.

This reply was provided by Barry Stillerman of accountants Stoy Hayward.

Share-buying from relatives

Could you please advise me on the following points?

1. What is the position with reference to capital gains tax when a person buys shares from a relative (for example a wife, father, aunt or uncle), agreeing a price and paying the relevant stamp duty using a stock transfer form?
2. What is the position with reference to CGT if the shares are bought in the same way from a friend?

■ If you buy shares from your wife, you will be treated as though you had paid her a price equal to her indexed cost for CGT purposes, broadly speaking.

Ask your tax office for the free pamphlet CGT15 [Capital gains tax: a guide for married couples].

If you buy shares from your father (or from your mother, a grandparent, a sibling, a child or a grandchild), you will be treated as though you had paid a price calculated on the quarter-up basis if they have a London quotation.

Otherwise, broadly-speaking, you will be treated as having paid the market price. Ask your local tax office for the free pamphlet CGT14 [Capital gains tax: an introduction].

If you buy shares from your aunt, your uncle or a friend, the price actually paid will stand for capital gains tax purposes, provided that it was agreed at arm's length.

If it was not an arms-length price, then you will be treated in the same way as if you had bought the shares from your father (as explained in the preceding paragraph).

The rules are similar for sales of shares. However, if a sale of shares to your father (or to your mother, grandparent, sibling, child or grandchild) produces a loss for capital gains tax purposes, then that loss can only be set against gains on sales to him (or her, as the case may be), generally speaking.

Finally, for good measure, perhaps we should say that the rules for your father apply also to step-parents and step-grandparents, and to the spouses of siblings, of children and of grandchildren.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84%♦	Mly
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.60%♠	Yly
North of England BS	Edinburgh	091 510 0049	Postal	£25,000	7.50%	Yly
NOTICE A/cs and BONDS						
Northern Rock BS	Postal 30	0500 505000	30 Day	£2,500	7.30%‡	Yly
Scarborough BS	Scarbgh Ninety 3	0723 368155	90 Day	£25,000	7.80%	Yly
Allied Trust Bank	4 Month Notice	071 626 0879	4 Month	£2,001	7.60%	Yly
Chelsea BS	Premier VII	0800 272505	1.8.95	£10,000	9.25%‡	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.35%♠	Mly
Britannia BS	Capital Trust	0800 854456	Postal	£5,000	6.55%	Mly
Yorkshire BS	First Class Rstn	0800 378836	Postal	£25,000	7.13%§	Mly
Chelsea BS	Premier VII	0800 272505	1.8.95	£10,000	8.88%‡	Mly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	8.10%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	6.60%	Yly
				£25,000	7.10%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	7.07%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Britannia (IOM) Ltd	Index Linked	0624 628512	90 Day	£1,000	6.40%	Qly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£25,000	7.30%	Yly
Bristol & West Intl Ltd	Intl Premier	0800 833222	6 Mth ‡	£5,000	6.55%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	5.00%	Yly
Financial Assurance FN		081 367 6000	2 Year	£50,000	5.90%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.35%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	6.85%	Yly
General Portfolio FN		0279 462839	5 Year	£50,000	7.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. ♦ = Initial deposit of £5,000 or £100 per month required. ♠ = All withdrawals subject to 10 days loss of interest. Rate fixed only until 31.7.93. ‡ = Rate guaranteed until 1.7.93. § = 10% bonus of interest earned pa. providing no capital withdrawals.
‡ = After 6 months qualifying period. Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

MINDING YOUR OWN BUSINESS

The modern armourer

***Clive Fewins** visits a derelict foundry in the Midlands where an old craft is being revived*

ARMOURER Richard Dunk traces his unusual occupation back to the six weeks he spent in the Tower of London. It was not a continuous incarceration – he was let out each night to go home.

But the 17th century Flemish armour he was working on was so valuable that it had to be kept permanently under lock and key. "Working in the Tower armouries gave me a focus. It made me realise that armour was what I was really interested in, rather than a career in the museum service, where I had thought I would end up," said 39-year-old Dunk.

That was nine years ago when he was reading for a history degree as a mature student at Birmingham University. He gained an award for his project at the Tower, and also a grant that enabled him to start his business. The rest, as they say, is history, which has always been a passion with Dunk.

After gaining his degree with the support of his teacher-wife and friends in various historical re-enactment societies, he did not need a lot of persuasion to apply his 6ft 3in frame to metal bashing of a particular nature.

He thinks nothing of working seven or more hours without a break in his small workshop, a former wood store in the yard of a near-derelict foundry complex at Darlaston, near Wolverhampton. It is a bleak background in which to spend one's working hours.

Dunk enjoys the solitary work. "It is an extremely noisy process, so for the bulk of the work I need a workshop that is relatively isolated," he said. He uses the workshop in the garden at his home near Walsall when there is less noisy work to do, or when he needs to be near a telephone. There he works on straps and linings and padded wooden stands for the the armour.

"There is really no such thing as an off-the-peg suit of armour," Dunk said. "All armour needs to be made to measure. But because most of my American and Canadian clients only wear it rarely, every suit needs a stand. These take quite a long time to construct."

Making a piece such as the "Henry VIII" armour, based on a 1515 design and used for a recent series of re-enactments, is a long and complicated process. There are 34 different sections in the complete outfit, correctly known as a garniture. Some of the pieces have splendid sounding names such as cauldrons, chamfrons, combs, tassets and tumlets.

"People often do not realise that the medieval armour (people wrongly refer to suits of armour) was built for a variety of different purposes, for example war games, for use on horseback, for real battle, or for ceremonial use," Dunk said.

"So most of them came with what you might call bolt-on accessories, to suit the use the armour was being put to on any particular day. I suppose there is an analogy with the modern all-purpose warplane, that can be adapted for a variety of uses."

All the pieces in the Henry VIII armour were hand-wrought from sheet metal and highly polished. Dunk has already made a reasonable profit from renting it out for special events, but unless he manages to rent it to a permanent exhibition he will sell it for around £12,000.

"There is probably a good home for it on the other side of the Atlantic. But, frankly, I am too busy to try and find one at present and I am not so hard up that I need to sell it," he said.

Although Dunk has a healthy order book – 1992 was quite a good year and 1993 shows signs of being better – he has no plans for large-scale expansion.

"Employing another person is difficult," he said. "There is no time in which to train anyone – it would cut down production time too much.

"But the work is extremely tiring, and not particularly rewarding financially. I aim at a turnover of £25,000, and because of very low overheads and the small amount of materials I use, I try to pay myself £15,000 to £20,000 before tax.

"I am aware that with demand high, I should be expanding, but this would probably take the form of sub-contracting, rather than employing someone else to work for me. What I would really like to do is make less of the standard everyday pikeman's armour – a set costs about £400 and takes me three days to make – and concentrate on the high-quality orders from abroad.

"These are more satisfying, as well as being more profitable. Everything has got to work, and while the basic material – sheet steel – is different from the iron that the originals were made from, virtually every other detail is the same. All my reproductions are authentic copies from original patterns, many of which I take myself from original armour in museums and private collections, and from pieces that come in for restoration. I have about 209 different patterns – quite a good collection."

Colin Beere

Protective clothing: Richard Dunk with one of the suits of armour he has made

As well as armour, Dunk makes pikes and halberds that he sells to members of the Sealed Knot and the English Civil War Society, who re-enact battles, and also a range of period ironwork including candlesticks, candle prickets, rush-light holders, lanterns and light holders. He has even made a cannon that fires and two non-firing early 16th century replica cannon for Southsea castle, based on guns found on Henry VIII's warship the Mary Rose.

Dunk organises re-enactments of battles and of Tudor life and makes armour to order for permanent exhibitions. Most of this work comes from English Heritage. He is currently working on a commission from them for exhibits at a permanent display in Etal Castle, close to Flodden Field in Northumberland, where the English defeated the Scots in 1513.

Dunk rents his workshop for £100 a month and his other overheads are low. He rarely borrows. "Really, I shall have to think about expanding to cope with the overseas market as the business is there," he said. "Two years ago, I approached the DTI for advice, but they did not seem interested. Perhaps it is time I tried again. I do not really know . . ."

■ *Richard Dunk, 23 Overhill Road, Burntwood, Walsall, West Midlands WS7 8SU. Tel: 0543-684736 outside office hours.*

As They Say in Europe / **James Morgan**

Morality? Leave God out of it

EUROPE, judging by the newspapers, is plunged in a moral crisis. Sometimes it is Bosnia, but mostly it is the swamp of crime and corruption that promotes editorial hand-wringing. The British share the malaise but are unique in their suggestions for solution.

John Patten, UK education secretary, and some Conservative MPs, such as Lady Olga Maitland, believe religion has a role to play in securing a moral revival. But nowhere in western Europe is this approach echoed. This is largely because other nations realise that religion is about truth, not morality. Nowhere else is there the same conviction that devotion inspires good behaviour.

More of that in a moment. Religious education in the European Community takes diverse forms – or no form at all, as in the state sector in France. In Spain, the hour a week resembles the old lessons in Marxism-Leninism in central Europe. In the north German Länder, it consists of philosophical speculation. In Roman Catholic Bavaria, instruction takes a highly liberal approach, with liberation theology and meditation to reach the inner self. In Britain, it can be described generally as multi-cultural.

In Italy, there is a call for an "ethical revolution," to take the form of a "secular" renewal founded on the "basic rules for civilised co-existence." When I suggested to some Italians that the Church could play a role in schools to help achieve a moral transformation, the idea was regarded as ludicrous.

Britain, however, offers a cocktail of religions which can be taken according to personal preference. And so there is a division between those who believe in the inculcation of the faith indicated by parental persuasion – a sectarian approach, in fact – and those who, like Lady Olga, believe in what seems to be generalised Christian instruction for cultural purposes.

But surely any dedicated approach to achieving renewal through religious education should be about communicating the truth: that Christ is the Son of God, or, as the Moslems and Jews would have it, that He most certainly is not.

Whatever the option, there is still the problem of the relationship with morality. What might be called official Christian statements reveal a strong emphasis on the evils of such matters as fornication and adultery and other sinful but lawful pursuits.

There are those who believe that a moral regeneration of Britain could be founded on firm action on the fornication and adultery front, but they are few in number. For the rest, Christianity has taken an off-the-shelf moral guide from Judaism in the form of the Ten Commandments, and nine of these could be part of an atheist canon.

Elsewhere, there is no political pressure for strengthening religious education in schools for two reasons: the general decline in observance and recognition of the trouble which could ensue. The British should be more aware of this than most because of Northern Ireland and the bitterest row to have split any group in this country in the past year: women priests in the Church of England. The opponents of this innovation do not accept that the question can be resolved by a vote. One can no more vote on such a matter, they believe, than one can vote on two plus two equalling three.

If religious education should be strengthened in Anglican schools the question of women priests would be pursued in the classroom. The Thirty Nine Articles would have to enter the curriculum. Roman Catholic instruction could legitimately include the observation that those who resort to condoms risk eternal damnation. The state would, on grounds of equity, pay for young Moslems to be brought up in the belief of the primacy of Sharia law.

But there is no reason to think that things are much easier in a more homogenously religious country. Poland has followed the Patten-Maitland line as part of the general post-communist "rechristianisation" of the country that has involved the banning of abortion.

Today, Poland's religious ombudsman is locked in continuous rows with the Church and large sections of parliament; the constitutional court has to define carefully the conditions on which children can be pulled out of religious classes, and the academic status of religious examinations gives rise to controversy. Priests infest the broadcast media, the prestige of the Church has declined sharply, the press is split. And a tidal wave of crime smashes against the shores of society.

In seeking a social order that operates harmoniously, where crime is not a daily concern, one needs to look to the Far East and to the secular, Confucian tradition. The Republic of Singapore, in particular, has demonstrated that astonishing gains can be achieved by rearing a nation of Pharisees.

■ *James Morgan is economics correspondent of the BBC World Service.*

East Germany's 'spy with no face'

■ *Continued from page I*

office, the HVA arranged for her "operative fictional marriage" to agent Herbert Schröter at which HVA officers played the rôles of best man and registrar.

Perhaps the most important of these was Dr Gabriele Gast, who fell in love during her student days with a Romeo agent calling himself Karl-Heinz Schmidt. Gast became a willing accomplice and worked her way up to become deputy head of the Soviet section of the BND Federal Intelligence Service in Munich. She spied for the GDR for more than 20 years, refusing payment for her services because of her political conviction.

On meeting Wolf for the first time – at a house party he hosted on an island in the Adriatic, off the Yugoslav coast – she was captivated by his charm and intelligence. Later, she visited him several more times in East Berlin.

She was arrested only a few days before German unification and sentenced to six years and nine months in prison. Schmidt was released after interrogation.

Another of Wolf's spies was Günter Guillaume who, with his wife, was infiltrated into the refugee stream fleeing from east to west in 1956. Seventeen years later, he had become an aide to West German chancellor Willy Brandt.

He passed top Nato secrets to East Berlin and his arrest provoked Brandt's resignation – an event Wolf later professed, not entirely convincingly, to regret deeply.

Not all of Wolf's top spies in the west were as ideologically motivated as Gast or Guillaume. Klaus Kuron was a frustrated senior official in West Germany's BfV counter-espionage agency when, in 1981, he offered his services to Wolf for cash.

Over 10 years, he was paid nearly DM700,000. After collecting his last payment late in 1990, he surrendered to the authorities and was given a 12-year prison term for treason.

Wolf admitted later that much of the information gathered by his agents was ignored by the ruling Politburo or, in the case of high-tech secrets, was of little use to East Germany's creaking planned economy. He also claims he became disillusioned politically with the communist system. So why did he stay?

"We all had critical opinions – ministers, general directors and the intelligentsia – but it came out only in our personal conversations," he told me in the luxurious flat in east Berlin which he shares with third wife Andrea. He has been on bail awaiting trial since October 1991. "Increasingly, I doubted the sense of my work. But what use would it have been for me to protest? The dogmatists would only have become more repressive."

He was the first communist intelligence chief to step down voluntarily. Realising that the orthodox East German regime could not survive much longer, former Stasi Major General Markus Wolf altered course, backing Mikhail Gorbachev enthusiastically and condemning Stalinism in a best-selling book.

> *'What is the good of winning battles when the war is lost?'*

No one was more surprised than he to find himself mentioned as a possible future reformist leader of the GDR. But any hopes in that direction were dashed on November 4 1989 when he addressed a rally of more than 1m East Germans.

Wolf's remarks, criticising the way that Stasi officers who acted in "good faith" had been made the "whipping boys of the nation," met with a storm of whistles and cat-calls. The master strategist had miscalculated badly the mood of his fellow east Germans.

Wolf denies flatly that he played any role in the Stasi's repressive apparatus, the tentacles of which – helped by the organisation's 85,000 officers and 300,000 informers – stretched into every nook and corner, with files on nearly 2m people.

"I bear no responsibility," he told me. "It was an advantage for me that Mielke did his work and that my *apparat* had nothing directly to do with his." Wolf claims that the section he ran, dealing with foreign intelligence, had nothing to do with the larger part of the Stasi engaged in internal suppression and counter-espionage.

Wolf's trial will be concerned more with the Stasi's activities outside the former GDR than with its activities as a hated secret police service, and has generated few calls among east Germans for retribution. Indeed, most easterners have long since forgotten how Erich Honecker, the former party leader now in Chile, praised Wolf on his 60th birthday in 1983 for his "decisive role in the development and strengthening of the ministry of state security."

Yet Wolf has been "demonised" by the popular German press and several of his aggrieved former opponents. Despite that, Herbert Hellenbroich, the head of both West Germany's BfV counter-espionage agency and the BND intelligence service in the 1970s, speaks for a considerable body of opinion when he argues that convicting Wolf would be unconstitutional as he was ordered to conduct espionage by an East German government recognised by Bonn.

Wolf's lawyers are expected to take precisely this line. They will insist, also, that trying him violates the principle of equality under the federal constitution: so long as West Germany's spymasters remain free, they will argue, prosecuting Wolf is illegal.

This was exactly the position taken in 1991 by Berlin's high court at the trial of Wolf's successor, Werner Grossmann; it called for a final ruling by the Constitutional Court, which has not yet been delivered. But if it upholds the Berlin court, then the federal attorney-general's case against "Major General Markus Wolf ret" could, effectively, be destroyed.

As he awaits judgment, Wolf says he is convinced that his work as intelligence chief helped to "preserve peace" in Europe. His reasoning, explained no doubt over many a candle-lit dinner table to his agents, is that the more that each side knew about the other in the cold war, the less they were likely to fight.

Who knows: perhaps he was right. "I was a successful general," he says, his eyes narrowing. "But what is the good of winning battles when the war is lost?"

Dressing for the Professions: **The Politician**

Screaming to be seen as individuals

***Ralph Atkins** studies Westminster's moths and butterflies*

PARLIAMENT, wrote psychologist and former Welsh Labour MP Leo Abse, is a Mecca "for all those who wish, even as they did in their nurseries but now without fear of disapproval, to scream with anger, spit at their enemies, attack opponents, boldly hit out at wrongs, real and imagined.

"Like moths around a flame, the aggressive flutter around Westminster."

He should know. The violently-coloured shirts and bowler hats he wore on Budget days in the 1960s stood out like a Red Admiral in a field of corn. He wanted to convey a message about something more pugnacious than fiscal stabilisers.

Politics is about individualism, a bid for attention. Dress is integral and sends out signals. It has to resonate with a politician's convictions – and, to be successful, that usually means distinctive. "If you put Lady Thatcher into Laura Ashley it would interrupt what she was saying," says Barbara Follett, past couturier to Labour's frontbench. "Individuality is the most important factor when choosing what to wear. It is a mistake to look like an IBM executive clone."

More than any other professional, the politician is constantly visible – to local voters or colleagues they want to impress, to lobby journalists practising their own peculiar school of political lepidopterology, and, above all, to the television cameras. Bright media lights capture, as their first image, a politician's attire.

Chosen in pre-dawn darkness, before dashing to breakfast television studios or taking leisurely breakfasts before the 2.30pm Commons sitting, clothes emit hints of mood, sincerity, competence, dedication, determination and affability. The boundless range of political characters turns Westminster into a laboratory of fashion experimentalism.

Margaret Thatcher is a pacesetter in her stateswoman-like but, oh-just-slightly, slinky suits. Together with her practical Marks and Spencer shoes, her outfit is a cocktail of chemicals – powerful, moral, respectful, ruthless and, to some fanatical admirers, sexual. Hers is the uniform most mimicked by women MPs. She was always impeccably turned out as prime minister.

Perhaps the image was too contrived. Virginia Bottomley, health secretary, wears pastel shades – the "Mumsie look," miaows another female on the Tory benches – and has a softer image. Her outfit says: "The National Health Service is safe in my hands." But there are constraints. Tenderness has to be combined with toughness if we are to be sure that she can stand up to the brutal, mean-suited boys at the Treasury where tailoring is usually black or very dark from the chancellor, Norman Lamont, downwards.

Bottomley dresses to care. Thatcher looks as if hiding a bent to kill, her armoured glamour suppressing the human being inside. If there is one.

Employment secretary Gillian Shephard wears similarly aggressive outfits to those of the former prime minister – sometimes in flamboyant yellow, like a fiery Brimstone butterfly. She is a fighter, battling, sometimes semi-publicly, over coal policy with Michael Heseltine, the epitome of gentrified political ambition – down to the last groomed hair riding over his double forehead to the collar of his tailored suit. Heseltine's clothes are precise and calculated, shirts stiffened and reeking of purposefulness – telling us, maybe, that his hopes of winning the prime ministership are not yet thwarted.

The variety of butterflies and moths fluttering at Westminster, searching for a collar or trinket – or frequently more – that will make them stand out, is plentiful.

Spats and hats have gone but there are still waistcoats around, distant echoes of parliamentary fashion when Winston Churchill was polishing his sound bites, gold chain dangling from his waistcoat. "I regard Parliament as a formal occasion," says Greg Knight, government whip, who wears his slate-grey three-piece suit even in the height of summer. "It is not a branch meeting of the boilermakers' union. MPs should dress accordingly."

Bottomley: dresses to care

A single item of clothing is enough to make a statement. Douglas Hurd, foreign secretary, and Tristan Garel-Jones, Europe minister, wear green Austrian Loden coats favoured by the continental bourgeoisie. At once, the Foreign Office's image of dusty Victorian sensibility is draped in European culture and idealism. Together they are formidable. "I see you are wearing your single European coat," said John Major as they approached him once.

Labour may have been mistaken at the last election in using standardised clothing guidelines to reinforce a particular image. The party wanted respect and credibility; it needed to build trust with the electorate. But the forced image backfired, a warning, perhaps, that to dress against the grain of your character can be as bad as not worrying about dress at all. Lack of sincerity and passion loses votes. More flair was in order.

The grey jacket of Dennis Skinner, the Labour MP for Bolsover, has chips woven into the shoulders – but, no matter how unappealing his stubbornly left-wing rhetoric, he scores high in sincerity rankings. So does Jeremy Corbyn, Labour MP for north Islington, who wears sport jackets – often without a tie – and baggy trousers. He shows off his working class conscience by carrying papers in a plastic bag.

At the opposite extreme, Richard Ryder, the government's chief whip, is the most *pianissimo* of statesmen. His suits are anonymous. His mannerisms gentle as he prowls Westminster's corridors. Former prime minister Harold Macmillan would put on his Grenadier guards tie when the government was in trouble. Likewise, Ryder vents his feelings via bright blue, green and red ties. He wears them like warning signs. Red tie at night, Euro-sceptics delight.

The boundary between individualism and eccentricity is narrow. "We are not pop stars. We are serious managers of the country," says Ann Widdecombe, social security minister, who wears smart-but-practical skirts to visit benefit offices under construction. She would not be so presumptuous as to cite examples. But Nicholas Fairbairn, Tory MP for Perth and Kinross, is famous for his tartan trews – and little else. Eric Forth, education minister, mixes glowing colour ties and handkerchiefs with classic waistcoats but is in danger of undermining his credibility as a minister. People talk about Austin Mitchell, Labour MP for Great Grimsby. They talk about his garish ties.

At Conservative Central Office, the advice of the communications experts is that politicians should not dress in a way that distracts from what they are saying. But there is a paradox. Too much effort in creating an image can be misspent. "Sharp changes are not advisable. The important thing is the comfort of the person," says one senior official. "The way you dress is an expression of how you see yourself."

He is right. Kenneth Clarke could not be a teddy bear-like rogue of a home secretary if he tightened his belt or swopped his Hush Puppies for shiny black Lobbs. William Waldegrave, public services minister, could not keep up his impression of "Academic Tortured by the Febrility of Westminster" if his trousers were pressed and the waistband not turned inside out. They are making statements; what they are is more important than the way they dress.

So too is Paddy Ashdown, the Liberal Democrat leader and former marine, who – in spite of his action-man image – dresses from head to toe in Marks and Spencer menswear. His dress sense says he wants off-the-peg respectability without too much effort.

For John Smith, Labour's leader, there is no expression of anger or reformist zeal in the sonorous, dark suits he buys from Slaters, the Glasgow tailor favoured by lawyers. But there is a tad of ardour from the floral ties chosen by his fashion student daughter. On the Tory backbenches, among the sea of suits, there are chrysalids of youthful ambition waiting to break out and steal the show.

Alan Duncan, suave MP for Rutland and Melton, says MPs "need to show authority and a little bit of wit". He recommends a tailored suit (four buttons per sleeve); silk ties (small motif), cotton shirts (double cuff, not white) and good shoes (tassels permitted).

It sounds wizard advice. But he has yet to get a government job. A better guide would, perhaps, be more general. Politicians need to dress according to their personality but without being fastidious. Dress is both important and not important: there are limits – the need to look respectable, to inspire confidence – but the politician's character needs to shine through, to shout for attention.

Yet, as if to prove there will always be exceptions, there is John Major. He lacks even a smidgen of wit in his dress, and he avoids individualism. In his accountants' suits and pale shirts, the prime minister would be lost on a commuter train.

What is his message? Respect but ordinariness, a man of the people, perhaps. He has made it to the top yet is still – not quite – seen as a natural leader. In his dress, there is no aggression or dash.

He is the Cabbage Grey that sucks the best nectar.

Thatcher: a pacesetter with oh-just-slightly slinky suits

Smith: sonorous suits from his Glasgow tailor

Hurd: wears coats favoured by continentals

FASHION

A breeze from Africa clears the grunge

*British designers are rediscovering the colonial look says **Avril Groom***

AN UNEXPECTED thing happened to the British design fraternity this spring. While all around were losing their heads to the dubious delights of the grungy 1970s revival, causing many observers to wonder how anyone selling designer fashion was going to make a living this year, the British headed unanimously for a different form of nostalgia – Africa.

Finally, British designers seem to have learnt that fashion must be not only exciting but saleable. For here are elegant, interesting summer clothes that will see you through from office to holiday. For designers such as Mulberry and Margaret Howell, the British mood of colonial nostalgia is a hardy perennial. Their time has come again with the return to pale silk and linen, neutral suedes and long, swishy skirts.

Others, more susceptible to fashion's whims, have made a strong statement of the same style. So too have the chain stores and, interestingly, commercial European houses such as Georges Rech, Sportmax and Louis Feraud. The original master of this look, Ralph Lauren, who even named a perfume Safari, carries it off to perfection.

The colonial revival comes from a recognition that nostalgia is in the air, but that women mature enough to afford designer clothes favour the elegant 1930s and 1940s. In the politically correct 1990s, the quiet colours, natural fabrics and textures of safari dressing have an asceticism that seems contemporary. It is also natural fashion territory for British women.

As Paul Costelloe points out: "That soft, beautiful image of the Englishwoman abroad, in a pale dress sheltered by her parasol or gently sunkissed on a grand safari, has a natural resonance with my sort of customer. Perhaps it is my age, but I don't look on the 1970s with affection. I was working in America and I remember too many size 24 Southern belles in hotpants and waistcoats. I don't think women want that again."

Roland Klein, whose long safari dresses in heavy, textured linen have swingy and full or svelte slim skirts, believes his customer is "not on the hippy trail. She is forward-looking and likes the modern practicality of the safari look."

But this modernity has retro overtones that make it distinctly different from the last time around. As softness is the key to this summer's fashion, so colonial safari style has adapted too. It is a long way from the crisp, cotton khaki shorts and T-shirts associated with the real thing. Margaret Howell, the designer, says it is her standard summer look, "but I always adapt to current fashion and this time it is softer, longer, more antique-looking."

Designer Arabella Pollen describes the mood as eloquently as do the chiffon ties on her floppy safari suits: "It's Africa as seen by 1930s Hollywood – a glamorous woman arriving in the bush, beautifully but over-formally dressed." In fact, recent film titles are perfect scene setters: *Out of Africa*, *White Mischief*, *The Lover* and *Indochine* have the same basic fashion message, albeit from different periods and areas.

It is the unchanging tropical version of past elegance – simple, hot-weather shapes plus an unstructured jacket for the cool of the evening or the hill country. The difference is in the softness and in new ways of layering the shapes. A safari jacket may have gently rounded details, a long skirt has fluttery pleats or an A-line cut to give movement, trousers are wide, pyjama-style in the softest silk, and the crisp shirt is replaced by a slip of ruffled chiffon.

The mixes to try are a soft suede waistcoat over a long linen dress, a sleeveless frock worn like a pinafore over a tiny sweater, the low-necked feminine blouse under a tailored safari suit, and the softest silk scarves and throws with everything. Going on fashion safari always makes sound commercial sense but its latest reinvention follows a very fresh track.

■ Pictures: Trevor Leighton

Cotton blouse, £120 from Ralph Lauren, New Bond Street, W1. Silk skirt, £39.99, linen waistcoat, £24.99, beads on arm, £4.99, all from Oasis branches. Silk scarf by English Eccentrics, £89 from Liberty, Regent Street, W1 and branches, Harvey Nichols, Harrods and Matches of Wimbledon. Belt, £65 from Mulberry, Gees Court, W1 and Drakes of Old Amersham.

Silk chiffon blouse, £495, silk rib pyjamas £515, silk shawl, £470, all from Ralph Lauren. Double-barrelled rifle, antique skin and cases from J. Rigby, SE1.
Chair, throws and cushions from Mulberry At Home, Harvey Nichols, SW1.

Hair by Peter Forrester for Daniel Galvin, W1
Make-up by Kit Colbeck

Linen dress by Paul Costelloe Dressage, £189 from Fenwick, Harvey Nichols, Knightsbridge SW1, Frasers of Glasgow and Kendals of Manchester.
Suede waistcoat, £45 mail order from The Done Thing, 0635-278741.
Hat, £100 from Herbert Johnson, New Bond St, W1.
Sandals, £34.99 from Faith branches.
Soft wool jacket, £377, skirt, £177, viscose blouse, £159, all by Arabella Pollen from Harvey Nichols, Bamboo of Leicester and Little Black Dress of Leeds. Sunglasses by Totes, £7.99 from Boots and main department stores.
Gloves by Dents, £26.95 from Selfridges, 0895-212291 for other stockists. Umbrella, £135 from Margaret Howell Brook Street, W1 and Beauchamp Place, SW3.

Silk top, £85, cotton chino skirt, £85, belt, £55, all from Mulberry, Gees Court, London, W1.
Top also from Workshop of Richmond, Surrey and Designing Women of Oxford. Skirt also from Workshop and Hoopers of Tunbridge Wells. Belt also from Unlimited Editions of Dublin.
Hat, £41.95 from Fenwick.
Gold-plated necklaces by Barbara Bosha Nelson, £165 and £175, from Harvey Nichols, Moore and Co of Windsor and Little Black Dress of Leeds.
Bag by Soco, £88 from Harrods.

The designer office in your living room

***Santa Raymond** visits four professionals who have created a happier home by making themselves a modern workspace in it*

TRADITIONALLY, working at home has been the preserve of writers and mothers and small independent operators. This has changed. Today even executives such as Richard Branson work in their living rooms and Steven Jobs invented the Apple computer in a garage.

John Worthington, a founder of DEGW, an office design group, believes women working at home have got it right. "They have set up a model which will be followed by many in the future." The model may provide an environment which lacks intellectual stimulus and social interaction but it often includes an attractive environment.

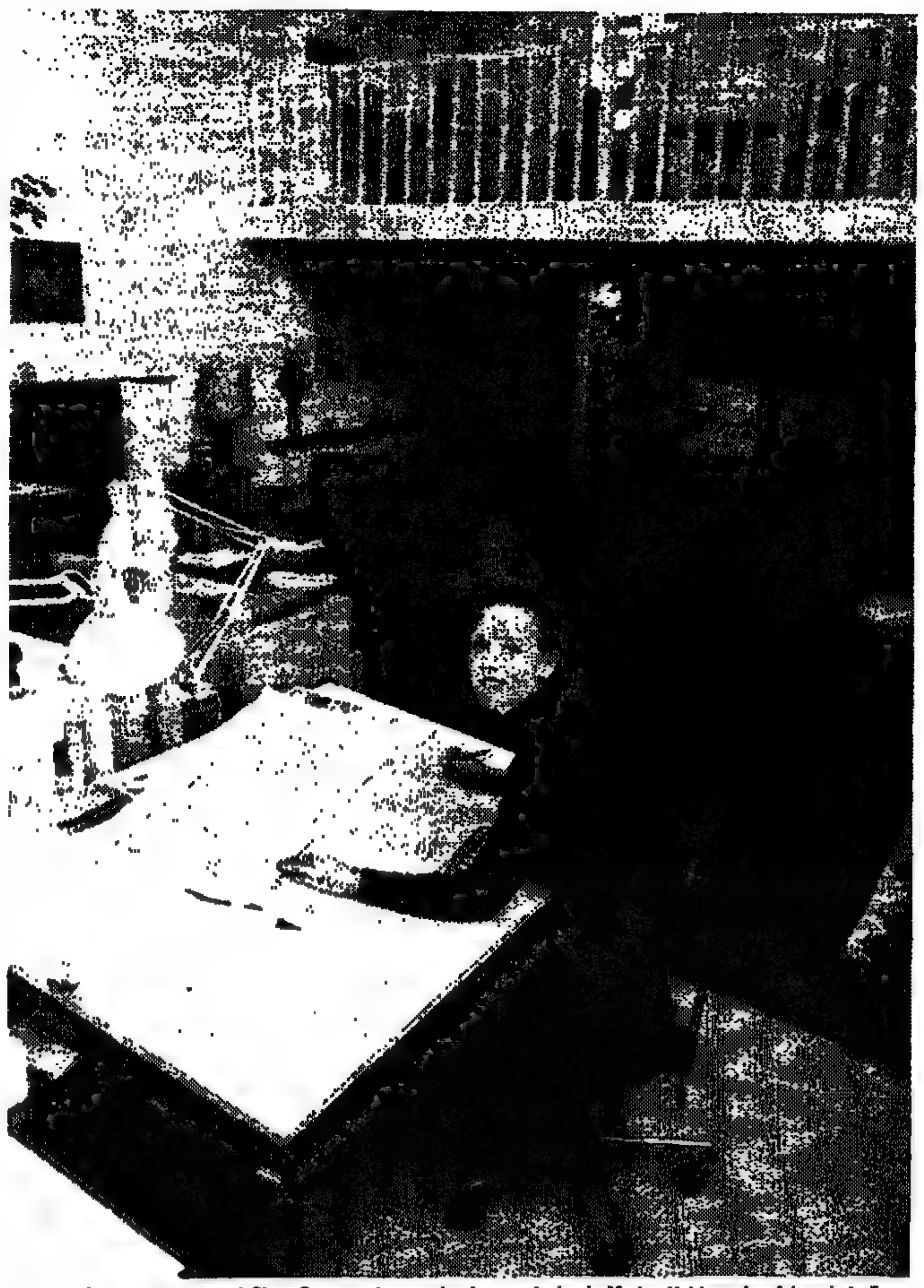
Working from home can offer pleasant views and peaceful surroundings, natural light and ventilation. It can save time and money and reduce pollution caused by commuting. It can offer low overheads and tax advantages. Home workers can spend time with their families when their families want to spend time with them. They can work as many hours as they like without being cut off from home life.

Not everyone can work from home – half the working population do jobs which require their physical presence in a particular place, and for them the traditional pattern of commuting to work will remain largely unchanged. But the other half – some 11m people in Britain – could probably work as well, or better, in their homes.

Pauline Hodson, a psychotherapist, consults in a converted garage at the bottom of her garden in Headington, Oxford. It must be one of the nicest offices around. It is clad in timber inside and out, furnished with antiques and a great colourful rug is simply flung over the sofa. The view through the full height window to the stream beneath is breathtaking – a good place to work and to be.

Pauline's consulting room has its own separate entrance, just like the office of her husband Noel. He works on the far side of the house in an extension squeezed along the boundary wall. His view is also magical. A great cherry tree screens the glass roof from the sun. Trees and plants enclose the garden facade: one might be on the edge of a forest glade.

Noel Hodson is a prophet of home working. He chose it in order to spend time with his young daughters. Fifteen years on he is a leading teleworking consultant with an impressive client list, mainly built up during the past three years. It contains nearly 100 large organisations, including BT, of course, IBM, Marks & Spencer, banks, building societies, insurance brokers and local authorities.



Home and gardens: assistant Clare Cape works on a landscape design in Marina Haidopoulou Adams' studio

The modern atelier: industrial designer Alan Tye in his office at his home in Hertfordshire

Lydia van der Meer and Tony Andrews

The home office: Noel Hodson communicates with colleagues through his computer and his telephone

Noel is writing a book on teleworking, networking with 16 co-authors all over the UK and one in the US. He has an all singing and dancing computer hired from BT and connected to an Integrated Services Digital Network line for maximum clarity.

His office is a most civilised place. It is heated by a cast iron wood-burning stove containing a flickering gas fire. This keeps house and office heating separate, and can be left on at night at a low temperature to stop the photocopier paper succumbing to the damp. The natural timber windows, beams, columns, and furniture, the green carpeted floor, the pictures hanging on soft white walls, all add up to an inviting environment.

There is enough room for a meeting of 10 people, or for Noel to have a good stretch. The furniture is basic: work tops are supported by filing cabinets and there is not even a special desk chair. Noel says he can work a 15-hour day at the computer without suffering neck or back ache, but his eyesight is deteriorating. The office took eight weeks to build and cost £30,000 (paid for by a business loan). Pauline's garage conversion cost just £12,000, but it lacks a lavatory.

As with many home offices the weakest design element is the lighting: too much in the wrong place. Noel himself is not happy with it. The 19 spotlights ranging on tracks along the beams provide illumination that is attractive, but insufficient at his main workstation. It uses a lot of energy, generates a lot of heat and clashes with the elegance and precision of the rest of the place.

The office also suffers from that perennial complaint – insufficient filing space. As Noel says, with faxes and photocopiers we generate more paper now not less. Even with six filing cabinets, a stationery cupboard and a lot of shelving, he still does not have enough storage space.

In working at home, Alan Tye, a Royal Designer for Industry probably best known for his Modric range of ironmongery for Allgood, is following the atelier tradition of his Swedish wife, Anita. He considers himself a special adviser rather like a QC. As a product designer with all the resources of his manufacturing clients, he can operate large scale jobs with a small team in a way which, he says, would not be possible for straight architectural practices.

He created ample storage space by using Remploy's mobile Lundia system to fill two whole bays in his office with four double-sided shelf units which can be rolled across the floor on tracks like in a library. His office was conceived as a model of what the modern workspace should be. It nestles in a garden with tall trees and a raked gravel driveway. It appears to grow from the contours of the 1970s house. The white walls spring from the modernist movement but are totally sympathetic to the site on the edge of a small Hertfordshire town.

The office is a light, bright space, with a translucent ceiling and large windows looking on to courtyards furnished with alpine plants and a little waterfall. The dark stained telegraph poles, (the cheapest and most effective of beams) on their almost invisible polished concrete columns, form a strong horizontal plane.

The building was designed from the inside out, with the spacing of the telegraph poles springing from the modular desk system, Herman Miller's Ethospace. It is not cheap, but it is one of the few which has adjustable worktop heights, essential he says in any healthy office. The supporting panels and cupboard fronts, covered in blue-grey flannel, provide sound-absorbent surfaces.

The five work stations (three with VDUs), each with pale timber work tops, include one for a secretary complete with a rusty steel reception shelf. This material is used in various places including radiator fronts, and for three curved steps leading up to a practice room, which doubles for Tai Chi, the mainspring of Alan's work and beliefs.

Lighting is provided by low voltage spots and high frequency fluorescent lamps fitted under high-level cupboards.

Flyproof mesh covered openings provided the ventilation and there are extractor fans for the summer. Underfloor heating provides ideal temperatures throughout the space. At a cost of £100,000, the 100 square metre single storey building is good value for money, though it did take a long time to build.

Marina Haidopoulou Adams, a landscape architect, carries out large international projects from her Kensington studio. She works with up to four assistants on hospitals or schools in her native Greece, private gardens in France and Germany, or conservation schemes in the UK. She has a word processor but does not use computer-aided design.

Marina's is a great place to work and live and sleep. There are flowering plants at the door, quince blossom inside the studio, great north-facing lights looking up into the sky, edged by fine Victorian brickwork

Her bed in the gallery looks down on to the sitting area lying between the workspace and the eating and cooking areas under the gallery. Grey sofas focus on a stripped steel fire surround (containing an operational grate). An antique dining table, laid with fine cutlery, glass, china and linen, antique chairs, and wicker fronted kitchen cabinets, provide a very different aesthetic to that of the office just across the room, even with the warm, 19th century floorboards flowing right through.

For Marina, there is no physical divide between working and living. She works when there is work to be done, which may be all day non-stop, evenings and weekends; but she has no guilt about not working when there is no need. She takes things as they come and slots the plumber's visit into her general routine. She chose this very close mix between professional and private life when newly divorced and needing to house herself and her teenage children.

■ *Santa Raymond is an architect who specialises in the design of office interiors.*

With pots of confidence

***Nicholas Lander** on a set of pans that made him feel like a real cook*

AS A restaurateur, I used to watch every service in the kitchen with mixed emotions. I felt anxiety because I was the proprietor. Would the food reach the right tables, in the right sequence, to the right standard?

Nowadays, I feel relief and gratitude at nothaving to earn my livelihood on my feet in front of hot stoves for eight hours a day. But just how do professional chefs cook well and always manage to have the right equipment on hand at the right time?

It is possible to equip yourself with most of the accoutrements of a professional chef by visiting one of the shops in London's Soho which cater for the professional chef – for example Leon Jaeggi – or by taking advantage, as many restaurants do, of the mail order catalogue of A B E Nisbet in Bristol.

Recently, though, my culinary skills were enhanced by a new range of cooking pans which fulfilled two essential roles. The first was to instil confidence: to give me, at least, the impression that I was cooking like a professional; and, second, to stack conveniently so that they did not take up valuable shelf space.

The pans are part of a gourmet cookset called The Compatibles from Amway – there is also a matching set of cooking knives and cleavers – in two lots of 11 pieces. The basic set comprises four saucepans with capacities from 1 litre to 4 litres; an all-purpose skillet; and a double boiler. The accessory set adds, usefully, a 6-litre pan called a Dutch Oven; a 6-litre steamer; and an accessory rack for those still devoted to poached eggs. The pans are not sold individually; the basic set costs £439.95 and the accessory set £222.95. The complete set, of 22 pieces, is £595.95.

The full set would make an excellent investment for any keen cook. Made from special, heavy-gauge steel (minimum 18 per cent chromium for hardness and 8 per cent nickel to resist corrosion), they look impressive and are easy to clean, inside and out.

Most important, they transmit heat evenly and felt comfortable as soon as they were put on the stove – either gas or electricity. The set scored well on fine details, too. The lids fitted tightly and the handles never became too hot.

The booklet that accompanies the set offers useful advice on how to put the set to its fullest use. I would add only that you should follow carefully the concise guidelines for cleaning the pans before using them – otherwise, their coating can be distinctly malodorous.

Ashley Lloyd

These pans, and a whole range of other domestic appliances and personal care products, are distributed by Amway, a direct sales organisation with a worldwide turnover of $3bn (£1.90bn).

■ *Leon Jaeggi, 231 Tottenham Court Road, W1 OBL. Tel: 071-580-1974 or for telephone orders: 0784-463663.*

■ *A B E Nisbet: write to Sheene Rd, Bedminster, Bristol, BS3 4EG. Tel: 0273-660-071.*

■ *Amway: for a catalogue, contact Amway (UK), Snowdon Drive, Winterhill, Buckinghamshire MK6 1AR. Tel: 0908-679 888, fax 0908-679 811.*

FOOD AND DRINK

A new-wave French vigneron

***Jancis Robinson** looks at why growers must change to survive*

THIRTY-ONE-year-old Jean-Philippe Fichet is typical of a new breed of Burgundian. He was brought up in the village of Meursault, a name that spells gold, glory and expense to white wine lovers. Like most of his contemporaries, he comes from a family of vignerons.

His father has 5.5 hectares (14 acres) of vines in Meursault and the neighbouring villages of Chassagne-Montrachet and Puligny-Montrachet. Like most of the older generation, Fichet Père has always sold his wine in bulk to the *négociants*, the big wine merchants of Beaune.

Thus the name Fichet is not known to the wide wine-buying public, only to the brokers or *courtiers* who have until recently trawled the region for wine to pour into the *négociant* blends carrying the famous village and vineyard names of Burgundy.

Until very recently Fichet was a name on sample bottles rather than wine labels.

But Jean-Philippe realised, or perhaps sensed more intuitively, his roots being so deep in the poor soils of Burgundy, that his father's way would not be his way forward towards the next millennium of Burgundian history. He wants, simply, to make great wine, and to see it enjoyed with his own name on it.

He has seen what his cousin Jean-François Coche-Dury has achieved by establishing his Domaine. By doing everything possible to maximise quality at the expense of quantity, Coche-Dury can sell every bottle he makes three times over. And yet he still sells the less successful wine he makes in bulk to the *négociants*. Such dedication can hardly fail to inspire.

Young Fichet's motivation is far from financial. He is heavily in debt and reckons it will be at least 10 years before Domaine Jean-Philippe Fichet does anything more than cover its costs, but his ambition makes even more sense now that the *négociants'* warehouses are full and their prices have *tumbled*. (In 1989 they were paying FFr5,000 for a barrel of Bourgogne Blanc and FFr15,000 for Meursault; today they may pay only FFr1,000 and FFr6,000 respectively.)

He has been making wine for 11 years now, since he was 20, but happily admits that it has been only for the last four years, from the 1989 vintage, that he has been making *good* wine (although even his 1987 and 1988 vintages were praised in the influential American Robert Parker's book *Burgundy*).

Jean-Philippe, who exports 60 per cent of his small production, realises he needs to expand his horizons outside the village of Meursault. Accordingly, he made his first trip to England last month to show his wines at the annual Burgundy tasting of his UK *importers Morris & Verdin.**

Jasper Morris delightedly told him about a blind tasting championship held recently for Winecellars customers in London to assess the relative merits of France, Italy and Australia at various price levels.

It was apparently entirely due to the overwhelming enthusiasm for Jean-Philippe Fichet's Bourgogne Rouge 1990 (£7.50 a bottle) from Morris & Verdin that France "won" overall, but the young Frenchman was unimpressed.

"Wait till you see my 1992," he said with a smile.

Fichet admits that he is a terrible taster, in the sense that, like any passionate winemaker, no matter what the wine, he is always looking for its faults.

He says he has learnt by hanging *around those whose wines* he admires, such as cousin Coche, François Jobard and Dominique Lafon of Meursault's famous Domaine Comte Lafon ("although someone like Dominique isn't going to tell me all his secrets," he says with due modesty).

Although his passionate dedication to quality is shared by an increasing number of young vignerons all over Europe, people who, a generation ago, might have left the countryside rather than inherited an agricultural way of life, surely many of his contemporaries are just coasting along on the endangered reputation of yesterday's Burgundy?

Isn't it difficult to maintain friendships when at such professional variance? Strange that the French do not have a word for the shrug *they employ so usefully*.

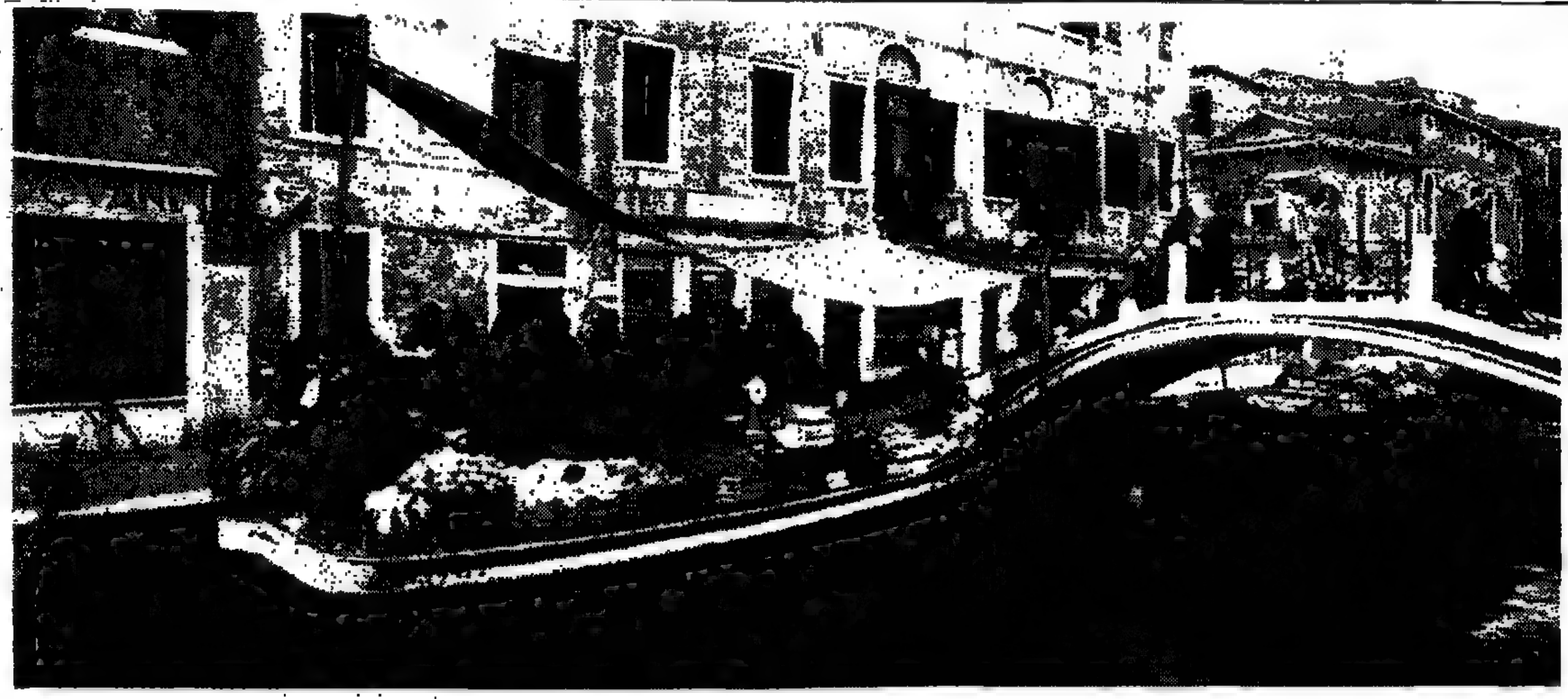
Dissatisfied with the temperature and humidity in his rented *cave* he set about finding the sort of "silent, secret place" he thinks great wine needs. He is now renting a deeper, larger cellar from the Commune of Meursault where he can boast of a fairly constant, natural 16°C and nice, damp conditions to keep the oak barrels supple.

He is wary of new wood and uses it sparingly only for his very best wines. But he understands the importance of establishing a rapport with his cooper, Damy, in Meursault. "You can't just ring up 10 days before harvest and expect to get the best barrels," he says.

In little plots around Meursault, Chassagne, Monthelie and Volnay, Fichet now owns just 2 ha of red and white vines and is renting a further 5 as a sharecropper, which means he cannot reduce yields as much as he would like. When his father retires, his three siblings will leave him free to take over the family vines and practice the ultra-strict pruning he believes necessary to squeeze extra *concentration into the resulting* wines.

But what does his father think of his son's quite different working philosophy? "Ah," smiles Jean-Philippe ruefully. "It is the job of a father not to say anything. But what I think he thinks is that what I am doing is sensible for today's conditions."

■ *Fichet wines, of which the mealy Meursault 1990 is a £16 star, are available from Morris & Verdin, London SW1. (Tel: 071-630-8888). Coche-Dury wines are (sometimes) available from Lay & Wheeler of Colchester (0206-764446) and Winecellars are based in Wandsworth, London SW18 (081-871-2668).*



Venice: pick up your weekly fruit and veg from a gondola

Common Markets

Life on the Rialto

FOOD markets are wonderful, exciting and evocative. The colours they generate, their scents and smells and bustle all paint a picture of how, not so long ago, we all used to shop. If you go with an open mind as to what to buy, *markets can be inspirational and vividly* demonstrate just how the year is evolving – from the first bundles of English asparagus to the first summer fruits (in France, the first cherry crop is still despatched from Céret in the Pyrenees to the Elysée Palace) to the melon market of Cavaillon, to wild *mushrooms* and the onset of autumn and the truffle markets of Piedmont.

Over the next few months Weekend FT food and drink writers will be visiting some eye-catching markets, starting this week with Giles MacDonogh in Venice...

THERE WOULD be no prizes for guessing that the market in Venice is one of the world's loveliest. It is just by the Rialto bridge on the opposite side of the Grand Canal to St Mark's.

Its stalls shelter under a collection of medieval and renaissance arcades. It can be maintained that the scene of the early morning market at the Rialto has remained substantially unchanged since the early 17th century.

Near the bridge are fruit and vegetable traders with their heaps of courgettes complete with delicate yellow flowers and those baby artichokes (*castraure*) so beloved of the Venetians. Treviso red lettuces provide a splash of contrasting colour to the bundles of green asparagus and the white stalks of Swiss chard.

The meat market reveals a healthy interest in offal – and not just the famous calves' liver but cows' udders and a dozen different sorts of tripe. The butchers make up pretty skewers of meat called *spiedini* with chunks of aubergine between the flesh and pile them next to bright yellow chickens and guinea fowl.

Fish is the most dramatic display. Lobsters, scampi and razor-shells lie alongside big-bodied spider crabs. There is tunny and sword fish, skate and scorpion fish, tiny soles and mullet, cuttlefish and dried cod in the form of *stoccafisso* and *baccala*, gurnard and sea bass still buckled in rigor mortis, live eels and strange, pea-green fish a few inches long. These are sold live with the gills still quivering in the morning sunlight.

From the cheese stalls Venetians buy the usual staples of Parmigiano Reggiano and pecorino but also local cheeses such as the crumbly Asiago, Baita from Friuli and a seasoned mountain cheese called Montagio.

The bakers' shops, with their olive breads and chunky cakes, are the last relics of Venice's prosperous spice trade. An amber-coloured ring was filled with dried figs and nuts. Dried fruit and nuts represent the tradition of Austrian imports, which go back to the years when Venice was part of the Habsburg Empire.

At carnival time Venetians eat as many *Krapfen* or doughnuts as the Viennese, and there is also the *Kranz* and the Venetian strudel (heavier and richer than the Austrian equivalent). In the smartest shops you may even find sachtertorte.

Giles MacDonogh

Cookery / Philippa Davenport

The scent of elder is in the air

NOW YOU see it, now you don't. The elderflower season comes and goes as fast as a conjurer's rabbit. Scottish readers can relax for a bit, but those living in sheltered corners of the south should be sharpening their secateurs in readiness to cull this year's crop of the hedgerow muscat – a mere whiff of which can send ex-patriates *reeling with nostalgia for* Elgarian English landscapes on balmy summer days.

The first elderflower blossoms of the season deserve to be enjoyed as a treat in their own right. Forget about calories: dip them into a fluffy egg-white batter and deep-fry them for the best-ever fritters. Eat them without cream: that would be over the top. Just *dust them with sugar for* crunch and squeeze lemon juice over them.

The second great use of elderflower is in drinks. Home-made country wines are not my scene but elderflower champagne was – until I discovered it is usually, but not always, petillant and can go off with a bang. A few summers ago, I took some bottles to the Royal Show. One of them exploded in the middle of the night and caused something of a stir, with police dogs sniffing out the area in readiness for a royal visit next day.

A safer bet is elderflower syrup, a heady concentrate of the fragrant blossom. It makes an agreeable stand-in for elderflower champagne if diluted to cordial strength at the point of serving with a *slug of* lemon and plenty of fizzy mineral water. (Commercial elderflower cordials are less enticing: usually, they are made with citric acid, not lemon, which gives them a tinny, citrus quality).

The third – some would say the best – use of elderflower is in conjunction with little green gooseberries (although this pairing often is difficult to achieve since the gooseberry season, which supposedly coincides with *that of the elder*flower, does not always make it on time).

Twirling a head or two of elderflower round and round a gooseberry jam pan, and raking the florets into a pie dish or fool, produces magic results. But when you have no fresh blossom, a slurp of elderflower syrup provides an instant and sublime remedy. So, make elderflower syrup *as soon as* you can so you will have it to hand when I come to write about cooking with gooseberries in a month or so.

ELDERFLOWER SYRUP

You will need about 18 fine blossoms. Pick them away from both main roads (where they will be heavy with pollution) and intensively-farmed, chemically-sprayed fields (same reason). Choose blossoms that have just unfurled to the full; that is when their *scent is best. Do not wash* them: just shake them to get rid of any dust and wild life.

You will also need one organic or unsprayed lemon, preferably the aromatic Amalfi variety. Grate the lemon zest into a saucepan. Add ½ lb granulated sugar, pour on 1 pt water and bring to the boil. Add the blossoms, cutting off the stalks close to the creamy *heads as you drop the flowers* into the pan.

Push them well down into the liquid and bring back to the boil. Cover the pan and set it aside until the contents are cold.

Then, squeeze the juice from the lemon, stir it into the syrup, strain through a muslin-lined sieve and bottle. Store in a properly cold larder or cellar – *or, better still, in the refrigerator*. It should keep for nearly a year.

Appetisers / Nicholas Lander

Two rebirths

TWO LONDON restaurant renaissances. First, Beauchamp Place on the site of the former Ménage a Trois at 15 Beauchamp Place, SW3 (Tel: 071-589-4252). Bright decor, Mediterranean influences on the menu and a mouth-watering wine list at extremely keen prices.

Second, Walsh's, a seafood and oyster restaurant at 5 Charlotte Street, W1, (071-637-0222) where Rue St Jacques used to be. Owned by the family which founded the Wheeler's restaurants, its decor bears an eerie resemblance to the original.

□ □ □

Two useful addresses omitted from our round-up of restaurants in theatreland. L'Escargot has now reopened at 48 Greek Street (071-437-2679). It is just around the corner from the not to be missed Crazy for You at the Prince Edward Theatre while, for opera goers, there is the long running Cafe Pacifico, 5 Langley Street, London WC2H 9JA. (071-240 7075).

□ □ □

My recent article on matching food and wines excited the senior management at The Savoy. Now every Thursday the food and beverage manager, head chef and sommelier meet to discuss and taste dishes and match them with suitable wines from the Savoy cellars for the following week's dinner menu in the River res*taurant (071-836-4343)*.

The four-course menu with a glass of different wine at each course is £45 per person including VAT, service and, if you are on the right table, a view across the river Thames.

□ □ □

Finally, to *Hortus*, the gardening magazine, a sister, *Convivium*, a quarterly journal devoted to good eating. It offers first-class writing, sympathetic line drawings and is available at annual subscription of £25 from Convivium, The Neuadd, Rhayader, Radnorshire LD6 5HH, Wales. Tel 0597-810227, fax 0597-811386.

Real home cooking

***Nicholas Lander** on a house conversion with a difference*

THE CLEANING lady thought of it first. "If all else fails, Mrs Graham," she said, early last year, "you can always open a restaurant in your dining room." Amanda Graham needed no further urging. Nine months later, Colquhoun's was born at Alton, Hampshire.

Necessity was the mother of this culinary creation. Like many others, the Grahams were finding life tough in the recession. His architectural practice was suffering and could no longer afford her secretarial skills. There were three children, aged from 12 to 16, to feed and educate.

Their large, double-fronted Victorian house had a dining room that would, they calculated, seat 20. And Amanda was not without experience: early in the 1980s, during the previous recession, she had done a Tante Marie cooking course. Small children and a recovery in her husband's business allowed her to try her skills only on family and friends.

They must have been impressed because they were quick to voice encouragement for the Grahams' new project. One snag arose when she sought planning permission for change of use: she was opposed by local authorities worried about parking, but managed eventually to *allay their fears*.

Making alterations to satisfy the fire regulations was the most expensive element of the conversion. By the time it was finished, and including working capital, Colquhoun's had cost £14,000 to set up. It was financed by a loan from her brother (now repaid), personal savings and a bank overdraft. Publicity was a family affair, too. Daughter Hannah and her friends distributed 4,000 leaflets around Alton and the surrounding villages.

The big bay window of Colquhoun's – Amanda's maiden name – provides plenty of natural light and the room has been decorated in white and blue. The only evidence of its former use is two sets of family photographs on *either side of the chimney* breast above the fireplace.

From the start, Amanda realised that, because she was the only chef, the opening hours must be tailored to her physical capabilities and culinary strengths. So, despite having a rota of four waitresses and an unpaid, supportive husband to help with the washing-up, the restaurant opens only four nights a week: Tuesday, Wednesday, Friday and Saturday. Her working day lasts from 9.30 am to 1.30 am and she changes her set menu every Friday for the following week.

These menus are readings from culinary heroines: Elizabeth David, Jane Grigson, Claudia Roden and Josceline Dimbleby. But they are cooked with such care and thought that her mentors certainly would approve.

There is a choice at the first course: terrine of pigeons, salmon paté with fennel or a cream of potato and onion soup, for example, followed by a set main course. This usually is a casserole: chicken Provençale, beef braised in red wine with black olives, or a Rhône ferryman's stew. Then salad, English cheeses and a choice of three homely desserts (which has included a bread and butter pudding described by one elderly diner as the best since prep school).

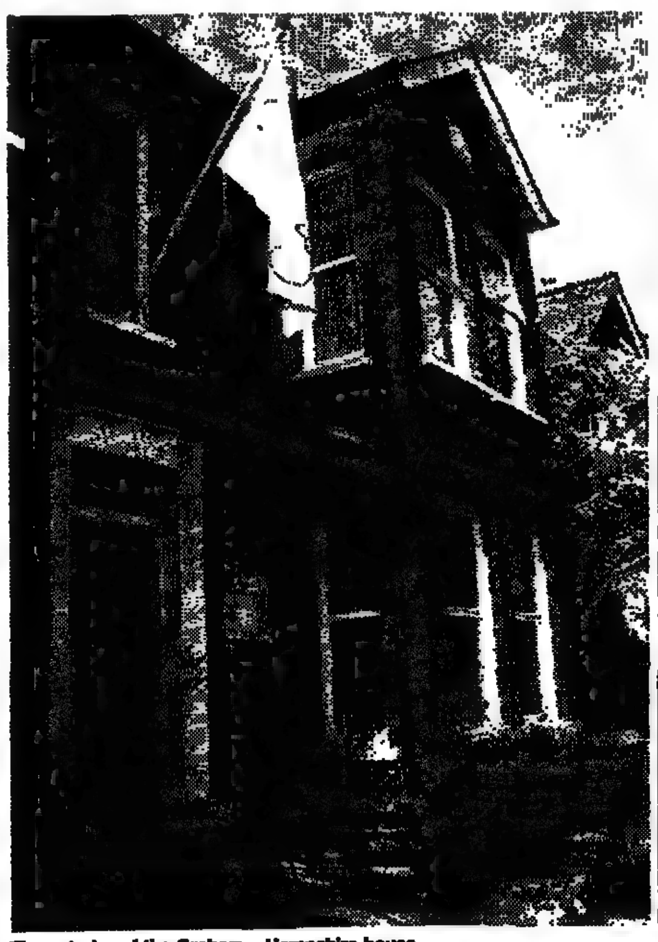
For this, she charges £16.50 a person, which includes a complimentary aperitif: Dunkerton's perry or Rock's elderflower wine. *The restaurant is* unlicensed and makes no corkage charge but her greatest ally in Alton has been Oddbins, the liquor merchant, which displays her new menu every Friday and suggests wines to complement her main courses. There is another bonus for customers: with a fixed-price menu and their own wines, they know almost precisely what an evening at Colquhoun's is going to cost.

The quality of the cooking and the novelty of the restaurant brought full houses until Christmas. Since then, there *has been a slowdown*, particularly mid-week, but Amanda hopes for better business after Easter.

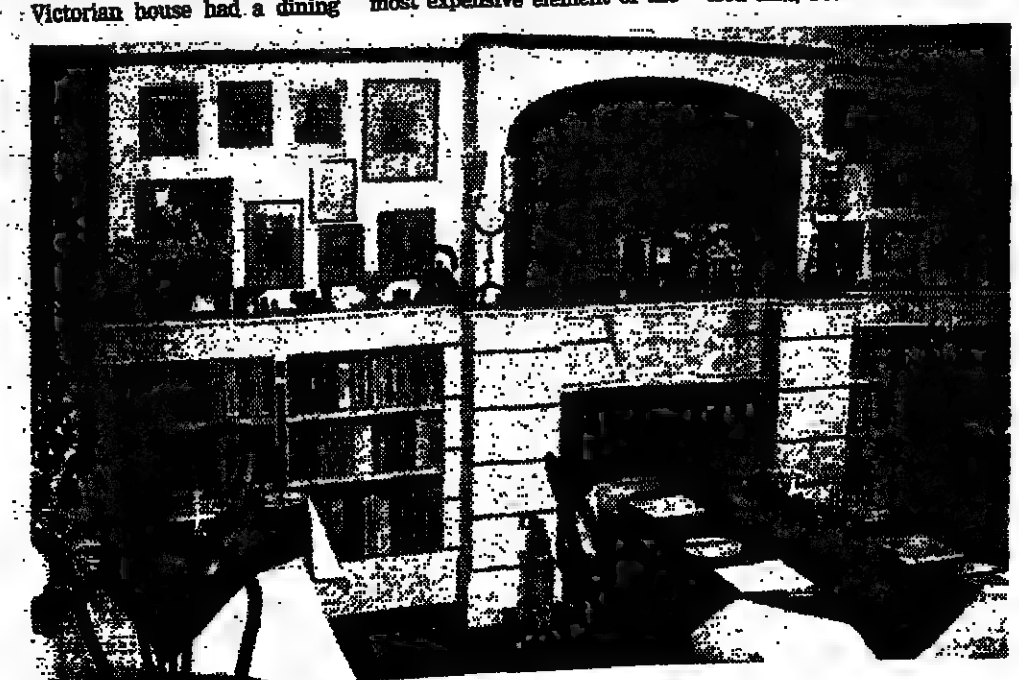
There have been unforeseen problems, of course. The restaurant's size means it is too small to buy from wholesalers: thus, it must get its raw materials from the supermarket, the local butcher, the cash and carry or the farm shop nearby. And although she will cook happily for vegetarians, fish as a main course is difficult because there is no local fishmonger.

Inconsistency of demand is *the main drawback to* Colquhoun's showing a profit so far. But there does look to be the makings of a flourishing business and, for Amanda Graham, a satisfying new career.

■ *Colquhoun's, 58 Anstey Road, Alton, Hampshire GU34 2RF. Tel: 0420-544774.*

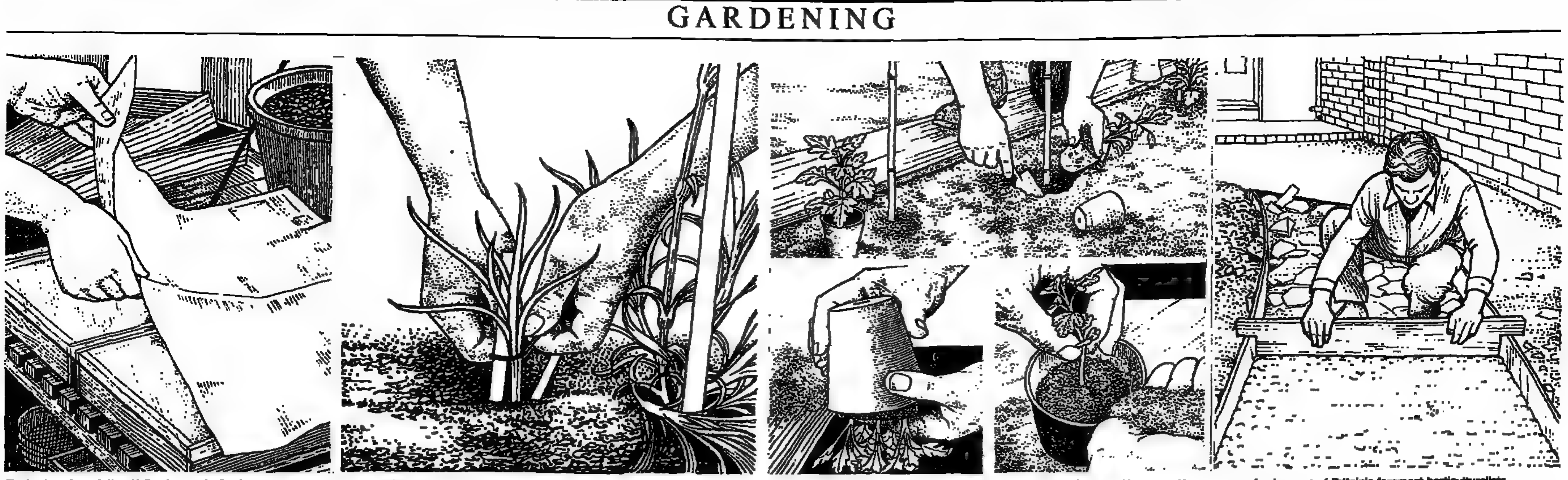


The exterior of the Graham Hampshire house



The dining room created in the family home

GARDENING



Illustrations from Arthur Hellyer's classic Gardening Encyclopedia, first published in 1948, and now fully updated (Hamlyn, £14.99, 784 pages). Hellyer, the FT's gardening correspondent since the 1950s, died at the end of last year. He was recognised as one of Britain's foremost horticulturalists.

'Plan in May and go away' is good advice

Viburnums are the lime-loving alternative to rhododendrons, says ***Robin Lane Fox****, who has his favourites*

EARLY IN May, you do not want to be living on my sort of soil. It cannot grow azaleas, camellias hate it, and a rhododendron will not survive for more than a month. Elsewhere in Britain, plantations, woods and glens are near their best for this convenient holiday weekend.

Sometimes, the best is too lurid; I have never reconciled myself to the bright rhododendrons which have intruded on the great 18th century garden at Stourhead. Elsewhere, the mauves and sugar pinks have been kept under control and the light, damp and shading make an Oriental flora look at home in Scotland. On lime, the rest of us have two options: to go visiting or to find an alternative which will put up with the conditions.

This weekend, visiting is extremely tempting. The great gardens on acid soil are slightly ahead of themselves and near their best already: they include the Isabella plantation in London's Richmond Park, the Savill gardens in Windsor, Exbury or Leonardslee in the south, or Bodnant in north Wales. If you cannot grow it, view it: you do not have to live with all the dreary foliage out of season. In gardens, too, "plan in May and go away."

Back home, gardeners on a lime soil need a mid-May alternative. In recent years, I have been looking for shrubs which can be clipped and trained into small pseudo-trees, or bushes on standard stems.

It strikes me that the state of the art is to invent a touch of style which puts familiar plants in an original light. Shrubs on stems like standards give class, quality and scope for adventure. They need not be expensive, and I rather suspect that we have still scarcely scratched the surface of the possibilities. Mercifully, the best of them flower in the mid-May gap and will tolerate lime, compensating for absent azaleas.

In the retarded Cotswolds, we have yet to see the best of this year's lilacs but, when they come, mine will be small trees, maintained at eye level by light pruning. Lilacs work wonderfully as specimen standards, spaced down a long border or used as upright sentinels instead of yet another columnar cherry.

Admittedly, they are greedy shrubs which compete for good soil in a border; but when lucky gardeners are enjoying their white haze of rhododendron Loderi, these trained lilacs are no small compensation. My favourite is the purple and white-striped lilac Sensation, which grows into a tree about 6 ft high, but any of the heavy double purples and single sky-blues are almost as good if you avoid varieties of maximum spread and vigour.

Take an ordinary bush of lilac; thin it down to one single stem; prevent it from making top growth until the stem is about 4 ft high – and then allow it to develop a cluster of shoots in a head which will be a substitute for any good camellia on alkaline soil.

Honeysuckles respond admirably to the same styling if you tie one main stem on to a 4 ft cane and allow only the top growth to develop through a circular metal plant support fixed at the cane's summit. Early and late Dutch honeysuckles are excellent candidates for this job, but my favourite for mid-May is the heavily-scented Graham Thomas form, the pale, creamy blooms of which are just bursting into their stickily-sweet flower. Limit it to one stem; then, let it spread into a head which you trim without mercy next month after flowering.

At a Gloucestershire nursery, I have been watching bushes of the white-flowered Choisya, trained similarly into the shape of little evergreen trees. They seem to work remarkably well and will hold their scented white blooms at the level of your face, leaving you to decide if you really like the smell. Here, too, if you can be patient for two or three years, you need buy only an ordinary shrub. Train it on a single stem up a cane and prevent any side shoots until it has developed the shape of a standard rose tree.

In warm towns, wisterias are bursting with flower already and will work marvellously in the same tree format. But, lovely though they are, I think the best of all candidates are this month's viburnums.

In May, viburnums are the lime-lovers' definitive answer to woods of enviable rhododendrons. As bushes, the most refined forms are the named varieties of viburnum Carlesii: Dawn Aurora, which have exceptional elegance of bud, leaf and pinkish white flowers, the star performers in the family. As standards or small trees, they are slow-growing and perhaps too refined.

At the other extreme, evergreen forms like the obliging Burkwoodii and Park Farm Hybrid are too vigorous for tree training. The forms with horizontal branches are completely unsuitable, lovely though they are in May. Juddii is a much better bet, more robust than Carlesii and responsive to light clipping. Personally, I have majored on viburnum Carlcephalum and, in its fourth year, I am delighted with it.

Among the hybrids, it has exceptional vigour. It has the biggest heads of flower plus the usual gust of scent, and its leaf is sufficiently grey not to look too coarse. Nonetheless, a refined taste suspects it of being vulgar. It is a typical breeders' variety, bigger and bolder than the delicate parents.

Still, I am sufficiently vulgar to like it as my garden's main backbone, growing into the shape of standards. Do not judge it when the heads of flower are still in bud and have a drab buff tone to them. When they open, the effect is all white, luminous across a lawn when dusk descends on a bank holiday.

I have clipped eight bushes of this variety into tall, upright shapes by trimming them after flowering. Like almost all forms of viburnum, it will reach you with one little trap. Nursery growers have grafted it on to much coarser stock. You need to watch carefully for stems with the wrong leaves and a russet-brown colouring, and to cut them off immediately below ground level. Otherwise, Carlcephalum gets on with the job. As a surrogate tree, I recommend it from happy experience.

By a pleasant coincidence, every one of these shrubs for tree training reaches its best in mid to late May and tolerates lime in the soil. With ingenuity gardeners can, therefore, make up for the impossibility of azaleas.

In nurseries, shrubs in standard shapes tend to sell for £20 or more, as if they are virtuoso features. Actually, they are dead easy. And although you will still want to visit our public glades of May-flowering shrubs from the east, you will find on returning home that these contrived little trees show old friends in a new light in any garden, however small.

Fishing / Tom Fort

Bridges over peaceful water

THE FISHERMAN who is kept from fishing needs an occasional glimpse of water if he is not to slide into the slough. The odd sighting of sunlight on a gleaming surface, preferably accompanied by a weeping willow or two, provides balm to the soul oppressed by the daily grind. This is why we anglers treasure bridges.

A thousand times, passing back and forth along the M4 near Reading, I have felt a spurt of irritation and frustration. It comes at the same spot, where the motorway crosses the River Loddon, the Berkshire stream on which a few miles lower down I learned my fishing as a lad.

The bridge is an ugly thing, but one would expect that. Its unforgiveable offence, though, is that the grimy slabs forbid any view of the water beneath. I know the river is there, but I am denied its healing influence. That bridge is an ill-natured thing.

Towards London, the motorway soars over the Thames. From the aesthetic point of view, this bridge is equally wretched – a flat, hideous intruder. But it has one immense saving grace. It is edged by railings which allow a brief but sustained sight of the broad waters of our greatest river. Heading to or away from the horrible metropolis, I am cheered by it.

There is another Thames bridge which I love, although it is a good many years since I stood on it, rod in hand. It is a long, elegant affair in mellow red brick, which rises and falls over the river at Sonning (actually, only half the river, but I need not go into that).

Just upstream of it, on the right bank, stands (or stood) a massive chestnut tree, with branches trailing to the water. A great bed of underwater cabbages extended from the foot of the bridge to those branches. In days gone by, this was the haunt of pike.

We used to stand on the narrow pavement, leaning out over the water, and swing a livebait towards the chestnut. When the pike were on the feed, it was unusual for the float to travel more than a few feet before shooting under. Often we would see the pike rush from the weeds and grab the bait. Then it was a matter of dragging the beast across to the other side, where it could be landed from the towpath.

They fought like fury, but rarely weighed more than 5lb although once I hooked a big one which broke me somewhere in the shadows. This fish, though, was nothing compared with the monster one of my brothers hooked off another bridge at Sonning; a legendary creature, this, which devoured ducks, snapped at swans, and broke his line as if it had been thread.

My favourite bridge view of all is on to my favourite trout river of all, the Cumberland Eden. For 300 years or so, the road to the village of Langwathby crossed the river by a beautiful, humped red sandstone bridge. This, most sadly, was washed away by a mighty flood about 25 years ago, and replaced by dismal steel and concrete. But it remains a marvellous vantage point from which to survey the tremendous breadth of water, scanning it for swooping swifts and rings of rising trout.

Fishing beneath bridges tends to be an awkward business. It is tricky to propel the fly to the right spot, and more so to see what is going on in the gloom. I remember expending much time and effort on a big fish which was feeding noisily in the darkness under a very low brick bridge on a Kennet sidestream. Eventually I shot the fly into the tunnel, struck when I heard a gulp, and pulled out a hideous hook-jawed horror of 3½lb which gave hardly a kick in protest.

In contrast, there was a bridge on a surging mountain stream in Slovakia whose functional nastiness was

mitigated by the snowy peaks of the High Tatras beyond. Wading up from below, I came across two pockets of trout, picking off olives with cheerful abandon in the shadows of the arches. I emerged the other side with a brace and a half of fat half pounders, which brought a huge grin to the mournful features of my friend Slavo, the local vet.

I can see other bridges now: one in Romania which framed a setting sun and the rises of a cluster of good grayling; half a dozen sturdy stone ones in Ireland, irresistible invitations to stop and peer; a wooden footbridge at Wargrave, below which the barbel lurked.

A bridge is a test. No true fisherman can pass one without lingering for that cheering glimpse. I have in my mind the denouement of a detective story. The detective hero, a piscatorial Morse, is with the chief suspect. The villain's hitherto unbreakable alibi depends in some way – the details are still sketchy – on him passing himself off as an angler. With our hero beside him, the villain drives over a supremely seductive bridge, with a glittering trout stream below. But he looks neither left nor right. Our man, having spotted a two-pounder rising by the willow on the left, grabs the murderer with the cry: "Impostor".

Well, I think it has possibilities.

New set of clothes for the naked ape

***A C Grayling** is intrigued by the latest thoughts on the true ancestry of the human race*

APART from those who take the Book of Genesis literally, most people know that humans descended from apes, and that our closest relatives among animals are chimpanzees and gorillas. Until now the fascinating details of enquiry into human evolution have been the province of specialists. But in the last two decades debate has reached a crucial point: two main theories have emerged about our origins, and the reason for the current spate of books is that the experts are now submitting their arguments to the public.

The branch of science which investigates mankind's origins is palaeoanthropology. It is based mainly on the study of fossilised skeletal remains of early humans and their hominid ancestors, discovered by chance in caves or ancient lake-beds. It is like trying to reconstruct a thousand-piece jigsaw puzzle from a mere handful of remaining shapes. It is an utterly fascinating branch of science. As each of these new books shows, it is more like a gripping detective story than a scientific pursuit.

William Howells, until recently Professor at Harvard University, is the doyen of contemporary palaeoanthropologists. His beautifully written survey of the history of human origins is a worthy successor to *Mankind in the Making*, the book that made him famous 30 years ago.

Lucidly succinct and magisterial, Howells' account takes us from the beginnings of life on earth to the emergence of humans, setting the scene for the more detailed discussion given by Christopher Stringer and Eric Gamble in their superb study of the origins of modern man. They give a brilliant introduction to the field: richly informative, marvellously illustrated and always accessible to the layman. They not only investigate the competing theories about our origins but explain how evidence for them is gathered and assessed. This is excellent enjoyment and instruction in one; anyone interested in the subject must own this book.

Eric Trinkaus and Pat Shipman, despite succumbing to the disagreeable current fashion for chattily personalised writing which publishers believe makes "serious" subjects palatable to general readers, have produced a valuable history of palaeoanthropology which dramatises the clash of opinions now dividing it.

Like Stringer and Gamble, their interests lie chiefly with the more recent end of the human evolutionary story, beginning 100,000 years ago with the emergence in Europe and Western Asia of heavy-browed, massively-built Neanderthal Man, named after the valley near Dusseldorf where, in 1856, the first recognised skull was found. They recount the controversy that immediately arose about whether Neanderthals are our ancestors or a mere evolutionary side-branch. This question is at the heart of the current controversy.

Most theorists agree that ape and man diverged about 5m years ago. The earliest known hominids, the Australopithecines, date from 3.7m to 1.6m years ago, represented in popular imagination by the diminutive hominid ape called "Lucy". The commonest and most enduring early man is Homo Erectus, found across Africa, Europe, and Asia from 1.6m to 300,000 years ago. About 125,000 years ago our direct ancestors, archaic Homo Sapiens, appear at African sites; then, mystifyingly a little later, Neanderthal Man appears, only

GETTING THERE
by William Howells
Compass Press £26/£14.50, 261 pages

IN SEARCH OF THE NEANDERTHALS
by Christopher Stringer and Clive Gamble
Thames & Hudson £18.95, 247 pages

THE NEANDERTALS
by Eric Trinkaus and Pat Shipman
Jonathan Cape £20, 454 pages

to vanish about 85,000 years ago. Was Neanderthal Man part of our own direct lineage, or is he an aberration? All the authors under review attempt to answer this question.

The first recognised Neanderthal remains were judged to belong to an idiot with rickets. When accumulating evidence proved that Neanderthals were a new kind of man, opinion divided; some took the ancestral, others the aberrational view. Only one thing was clear: Neanderthals are distinctive, differing from early modern humans in their powerful frames and heavy skulls. They seem to have died out with the last ice age, rapidly succeeded by a quite different type: taller, slimmer, smooth-browed Cro-Magnon Man.

And here one immediately sees the source of controversy. Ideas of race sprang to the fore. Some earlier anthropologists refused to countenance the possibility of human descent from Neanderthals, perceiving them as violent, shambling brutes. Others interpreted early modern man in Aryan terms as Neanderthals' conquerors. Either way, the savage appearance of Neanderthals made them repugnant, even frightening. Studies at certain sites suggested that Neanderthals might be cannibals. The brutish stereotype stuck, and concepts of "low" and "high" human forms gave impetus to racism and eugenic theories.

But evidence shows that Neanderthals buried their dead, perhaps on flowers as the Shanidar fossils seem to testify, or with grave-gifts of meat, perhaps for a journey into an afterlife. Some fossil individuals appear to have lived into old age as cripples or invalids, impossible unless others cared for them. This makes the brutish caricature implausible and has encouraged some to think that Neanderthals genuinely belong to humanity's lineage.

The needle-in-the-haystack nature of the enquiry has elicited both brilliance and bizarrerie from researchers. Exquisite science has been offset by folly or pettiness, the latter illustrated by those who, out of jealousy, refused to let colleagues view their fossil finds. And there has even been fraud, at its worst with Piltdown Man, the supposed apeman "discovered" in Sussex in 1912.

The main conflict of theory is between the view that after the initial spread of Homo Erectus from Africa about 1m years ago, different types of humans evolved in the local areas where groups of Erectus settled. This is known as the Regional Continuity hypothesis or, in Howells' apt phrase, the "candelabrum" theory, because the evolutionary tree showing development from Erectus to different modern human types looks like a many-branched candelabrum.

The opposing theory is that true modern man developed from the Erectus stock left in Africa. About 130,000 years ago, this theory has it, true Modern Man began to spread out of Africa in a second exodus, everywhere replacing the earlier descendants of Erectus in Europe and Asia. This is called the Population Replacement hypothesis. It explains why Neanderthals and Modern Man co-existed for a while, before the former vanished, seemingly displaced by the latter, with the latter thereafter developing into all the types of humans now found in the world.

Which hypothesis is right? The jury is out. These books help us to become informed observers of its deliberations. Whichever way future evidence pushes the decision, the debate will have given us an affection for our ancestors and their relatives alike – including the Neanderthals – no matter which branch of the family tree they sit upon.

The turning-point of suffering

***Elon Salmon** on the horrors of Stalingrad*

IN LATE June 1941 Adolf Hitler launched "Operation Barbarossa", a three-fronted attack on the Soviet Union aimed at a near-complete conquest before the dread Russian winter set in. It very nearly succeeded. Stalin had decimated the Red Army's command during the purges of the '30s. With an overwhelming superiority in quality and equipment, Hitler reckoned his armies would make short work of the Russians.

He did not take into account that incalculable element which fate sneaks into battles. In this case it was twofold: the extraordinary resilience of the Russian people, their determination and fatalistic acceptance of sacrifice; and General Georgi Zhukov, the Red Army's Chief of Staff.

Stalin and Hitler had a grudging admiration for each other. Both conducted the war with total disregard for the lives of their own people. But whereas there was no one in the German High Command to curb Hitler's strategic lunacy, Zhukov found the knack of swaying Stalin to see military sense.

Stalingrad was built in the '20s. Straddling some 30 miles of the Volga, it was in itself of no outstanding strategic importance. Its significance was primarily psychological: with its parks, model houses and extensive industrial complex, Stalingrad epitomised Soviet Communism's highest achievement. Moreover, it carried Stalin's name.

The first German assault ran out of steam at the gates of Moscow and Leningrad. Now the focus of the campaign shifted to the southern front in the Caucasus. Thus in the summer of 1942 every effort was turned to the capture of Stalingrad as first objective, with a pivotal swing northward on to Moscow as second. Stalin, even more than Hitler, realised that

THE BATTLE FOR STALINGRAD
by Edwin P Hoyt
Robson Books £18.95; 304 pages

the hour of reckoning had come: in Stalingrad the fates of the Soviet Union and Nazi Germany were to be determined.

Hitler's obsession with the capture of Stalingrad was matched by Stalin's resolve not to retreat a single step. As both sides geared up for the confrontation, the scene was set for the Mother of All Battles; the Armageddon of the century. It proved to be just that. By the end of the summer the German 6th Army under General von Paulus had gained control of all but a few pockets of resistance in Stalingrad. Then winter came with sudden ferocity. In November General Zhukov launched the counter attack aimed at encircling the 6th Army and cutting it to bits. Previous fatalism – enforced by NKVD (the Soviet equivalent of the Gestapo) units peremptorily executing suspected deserters – gave way to growing confidence. At last the Soviet war industry was outperforming the German. In February 1943 General von Paulus, his army starved, frozen, sick with typhus, its supplies exhausted, surrendered unconditionally to the Soviets.

Millions died in the battle. The suffering endured by both sides – but particularly by soldiers of the besieged 6th Army, where "Doberman pinscher stew" was a delicacy while the dogs lasted – defies imagination. The landscape was left littered with frozen corpses and half-eaten cadavers of horses. All that remained of Stalingrad was a broken apocalyptic wasteland. More than 90,000 German soldiers were taken prisoner. Barely 5,000 returned to tell the tale. At Stalingrad the pendulum swung against Hitler. Here was the first big turning point of the war.

Literature on Stalingrad is plentiful, including documents newly-released by post-Soviet Russia. Hoyt has made intelligent use of much of it. The writing is cinematically vivid. By including personal testimonies of soldiers from both sides, he offers a poignant human dimension to counterbalance the carnage and devastation of Stalingrad. I found this book almost impossible to put down. Regretfully, the maps are awful.

Back to the books

LITERARY biographers seem to be increasingly tempted to focus on the detail of their subject's life rather than the substance and achievement of his books. Some of them compound the offence (no doubt profitably) by highlighting who-did-what-to-whom. Here, thank goodness, is a splendid exception – a biography whose aim is "to study the life in order to understand the novels..." In other words, Nicola Beauman puts the books first. To confirm her priority, she allows only 40 pages for the last 45 years of the life. She also – correctly – assumes that her readers will already know the novels.

A new biography of E M Forster must have needed courage. P N Furbank's two-volume "authorised" version is extremely good and only 15 years old. But it is fair to say that Furbank concentrated on the "life"; on a re-reading, he turns out to be curiously sketchy on the creation and analysis of the novels, though he is fascinating about Forster's long, uneventful, rich, suburban, decent and homosexual life.

Nevertheless, it is still easy to lose sight of the central mystery – tragedy? – of Forster's career, which is that he wrote six great novels and at 45 he was finished. There followed, of course, many years as the "sage", the voice of British liberal humanism, latterly resident at King's – Beauman arguably under-covers this role – but the novels are what matter, and indeed the films, which have brought them to a wider audience and must certainly not be sneered at.

Forster was trapped, for most of his life, in an intense relationship with his widowed mother; Beauman writes of the "glueing" of mother and son. In his childhood, they lived in the Hertfordshire house which was to be the model for Howards End, and were forced to move out – a seminal event! Thereafter they lived in Tunbridge Wells and Weybridge, where he wrote all his novels.

His homosexuality was repressed until, at 37, he was posted to Alexandria in the Great War; thereafter he was actively promiscuous, taking working class lovers in the Bloomsbury style, before settling for one of the three great loves of his life, Bob Buckingham, a married policeman through whom he found a family of his own. It is impossible to deny that when Forster "came out" (privately, of course), the novels came to an end; he only finished *A Passage to India* with difficulty in 1924, and seems never to have expected to write another.

All this is known, but the story is explained and developed by Beauman with constantly interesting reference to the novels. She has had access to some sources unavailable to Furbank (though the diaries at

MORGAN: A BIOGRAPHY OF E M FORSTER
by Nicola Beauman
Hodder & Stoughton £20, 404 pages

King's are embargoed after 1949): for example, she gives fuller details of the background to *Maurice* (the homosexual novel which was suppressed by Forster in his lifetime) and she goes into more detail about the changes Forster made between early and later drafts of *A Passage to India*. In the first version of the scene in the Marabar Caves, incredibly, there is an actual assault; in the final version, Forster has arrived at a void which only Mrs Moore can comprehend.

Beauman also allows herself to insert her own speculation and opinions – it is a very personal book. (Sometimes she goes too far – did Mrs Forster really take her son to Italy to avoid the Oscar Wilde trial? Is *Where Angels Fear To Tread* sensibly described as "the first modern novel"?).

But again and again she makes points which are helpful, even revelatory. She is very good on the initial nine-month visit to Italy and its impact on the young man's "suburban soul". Lucy, of *A Room with a View*, is trapped and escapes to Italy as did Forster; she is not so much Forster *en travesti*, as she symbolically loses her Baedeker, but "what matters is that her *situation* is his. He had become coerced, imprisoned in a way of life which is usually the lot of women..." Mr Emerson, in the same book, who so memorably speaks for Forster's life-long rejection of "muddle", is related to Edward Carpenter, the sandal-wearing and homosexual socialist and free-thinker who had an important influence on Forster at a critical moment even before they actually met.

And throughout all this, Beauman clings to the main point, which may help explain his lop-sided career – that by great good fortune he discovered his "theme" very early: "the English middle classes exposed to something other (a foreign country, an expedition away from their normal territory), who are mocked for their insularity and obtuseness, and who then discover something so disconcerting that they are forced to realise, even if subconsciously, that they have confronted something vaster than themselves; in the end they are either saved – or not."

No wonder he is one of the great English novelists! Sometimes, as I say, the enthusiast in Beauman goes overboard. To my mind, she is too keen on *Howards End*, to the point where she describes the odious Mr Wilcox as the heir of Margaret Thatcher, and she understates Forster's congenital inability to understand marriage – his famous reference to "the astonishing glass shade... that interposes between married couples and the world" surely comes close to disqualifying him from writing about one of the most fruitful areas of the novelist's art. But this is a biography which is a pleasure to read, and which will fascinate and delight and sometimes provoke all those who continue to esteem Forster – his books, and now the films.

J D F Jones

An inner journey into angst

***Stephen Amidon** reviews a saga of American hopes and dreams*

THE GENERATION of young Americans who settled down to start families just after the second world war could hardly have dreamed of the problems lying ahead. After years of Depression and global carnage, they believed that all they had to do to put the eruptions of the previous two decades behind them was work hard and live right. And they did just that, creating an era of unrivalled prosperity. But it was an affluence which brought psychological pressures to bear on the American family that Ma Joad or the mothers of GIs never had to confront.

This muddying of the American middle class idyll in post-war America is the subject of Donald Katz's exhaustive and compelling *Home Fires*. It chronicles the Gordons of Long Island, a family so affected by their times that if a novelist invented them he would be criticised for crudely obvious characterisation. But the Gordons are a real family, their name unchanged for purposes of the book, though it was changed in 1948, when Sam and Eve Goldenberg, recently moved to the suburbs, decided to alter it to the more homogeneous Gordon.

Like many couples married during the war, Sam and Eve were the children of poor immigrants who simply wanted a better way of life. Fortunately, they lived in an era in which hard work could achieve that. Sam, a master electrician, was able to transport his wife and four children from the South Bronx to suburban Nassau County, where large tracts of land were being subdivided and "developed" for young soldiers and their war brides.

At first, suburban life was everything Eve and Sam hoped, especially when contrasted with the cramped poverty of their urban childhoods. The spacious yard, the big car, the Saturday night dances at the club. So what if Sam had to work ungodly hours, catching only the briefest glimpses of his kids each night? So what if Eve, who had dreamed of being a torch singer, grew so bored by the drudgery of suburban housewifery that she would throw plates against the wall to remind herself she was alive? They were living in the suburbs. They had made it.

The cracks began to show when the kids hit their teens. Susan, the eldest, was a headstrong girl who, perhaps because of her father's absence during the first few years of her life, just could not seem to abide the man. Lorraine was equally rebellious, while Sheila developed a bad case of nerves from the "duck and cover" nuclear war drills at school And what to make of the sensitive Ricky, so different from his macho father, already the butt of neighbourhood bullies?

With the 1960s the family came comprehensively unglued. Susan went off to Vassar and then London, fuelling her rebelliousness with a taste for drugs. Lorraine got pregnant at the age of 17 and moved to New York, where she began using heroin and singing with a radical feminist pop group. And Ricky's penchant for show tunes and his mother's make-up was giving Sam serious pause in his dreams of having his son one day inherit the family business.

By the end of the decade the kids seemed to have been everywhere – swinging London, Berkeley, Greenwich Village. Two even made it to Woodstock. And Sam and Eve were sitting in their big suburban split-level, their heads reeling, feeling like the parents Bob Dylan sang of when he proclaimed "Your sons and your daughters are beyond your command."

With the "Me" decade of the 1970s, this dissolution intensified. Though Susan received an advance from Random House to write a feminist manifesto, she soon sank into a bizarre re-enlightenment cult and ended the decade as a junkie on the streets. Lorraine discovered yoga, transplanting herself and her four kids – Magdelana, Ram, Shiva and Gupal – to an ashram in Yogaville, Virginia. Sheila opened a health food store but then married a yuppie and moved back to the 'burbs. And Ricky, to nobody's surprise but Sam's, came out of the closet and moved to New York during the heady days of Gay Liberation.

With the 1980s, as if to provide an ironic commentary on Ronald Reagan's cynical and hypocritical focus on

HOME FIRES
by Donald Katz
HarperCollins £14.99, 618 pages

"family values", the Gordons slowly came back together. Susan seemed to be winning her fight with drugs, while Lorraine extricated herself from the sway of her guru. Sheila replaced her ageing mother as the focus for family gatherings, while Ricky and Sam came to terms with the son's sexuality.

Home Fires is a compelling study of the American family at the historical moment when it came under intense and often damning scrutiny. The affluence and subsequent leisure of the post-war years saw a genie of self-absorption released from the American bottle. Not surprisingly, it was the institution of the family that came under the most pressure. Whereas, as Eve often states, people of her generation had no time to be themselves, her children had time for nothing else.

And though it is tempting to see all their nascent efforts at self-definition – the cults and drugs and movements – as being wildly comic, it is worth bearing in mind that Americans born between 1943 and 1956 were inner pioneers just as much as their ancestors had explored terrestrial wildernesses. We laugh at them from the vantage point of having learned from their mistakes.

Indeed, if the book has one weak point, it is that the Gordons are so typical of their era that they become archetypical. For every fad, there is at least one of them who manages to indulge it to the hilt.

That said, this is a finely written book which makes for compelling reading. Its heroes are undoubtedly Sam and Eve, who endure their children's vagaries and accusations with patience, wisdom and humour, enabling them to survive travails that would have buried most other parents. It is a strength which allows for the reconciliations that close the book, just as Reagan and his acolyte Bush, who talked about family values but never meant a word of it, leave the stage for the first Baby Boomer president.

Sick with power

A LARGE number of political leaders, whether kings, presidents or prime ministers, have been physically or mentally ill, sometimes both. The problem is how to get rid of them before their illness impairs their judgment. There is, as Jerrold Post and Robert Robins write in this new study, a "lack of a general theory relating health to political events and of the interdisciplinary training necessary to address this domain".

Happily, the two American academics do not attempt entirely to fill the gap, for it would be impossible outside Utopia to have a panel of experts deciding when someone should cease to lead on grounds of health. For a start, who would rule on the health (or the motives) of the panel?

Instead their book should be read as a seriously anecdotal

WHEN ILLNESS STRIKES THE LEADER
by Jerrold M Post and Robert S Robins
Yale £19.95, 243 pages

account of madness in great ones. A disconcertingly large number of the case studies turn out to be British. There were not only King George III and Castlereagh, the foreign secretary who killed himself because it was rumoured he was a homosexual. There was also Churchill who, when he returned as prime minister in 1951 at the age of 76, was a "virtual walking text-book of pathology. He had significant illnesses affecting his heart, brain, lungs, gastrointestinal tract, skin and eyes." At one stage both Churchill and Eden, his most obvious successor, were incapacitated at the same time and the news was concealed from all but a small number of the cabinet.

The Americans have had their problems, too: Woodrow Wilson, F D Roosevelt and John Kennedy, to name but a few, were all in some way impaired. Richard Nixon was in a desperate state in the last period of his presidency and the damage done to Ronald Reagan in the Hinckley assassination attempt was much more serious than was admitted at the time. In France President Pompidou managed generally to conceal his illness until almost the end, though curiously his judgment seems to have been unaffected.

Dictators, such as Hitler and Stalin, we know about. No one

More book reviews appear on Page XIX

was powerful enough to advise them to step down, but the authors add interesting points. They argue that if President Hindenburg had not been senile, Hitler might never have become chancellor, and note that when Lenin became ill he tried very hard to prevent Stalin taking over but was too physically weak to press his case.

Two leaders who were obliged to give up power by a small group of advisers were Ludwig II, the mad king of Bavaria, and President Bourguiba of Tunisia, but the circumstances are too diverse to allow any conclusions to be drawn. The country that has come closest to devising a constitutional approach is the US, which introduced the 25th amendment after the assassination of President Kennedy. Oddly enough, it has not been directly used in spite of several disabilities since, the White House preferring to act on a more *ad hoc* basis. Thus the best guidance the authors give to advisers, political or medical, is "When in doubt, shout!"

Malcolm Rutherford

SPORT

Finger of fate: Martyn Moxon, the ill-fated skipper of England's A Team

Cricket

Sorry lot of the A Team

Teresa McLean meets the stoical skipper of the England seconds

THE ENGLAND "A" Team losing all ends up to Essex on a damp day at Chelmsford is not everyone's idea of fun. But it was interesting, and once it had emerged from the drizzle it proved to be well worthwhile. Partly, I'm afraid, this was because it reminded me how empty and dead English county cricket is, and partly because it reminded me how much at ease Essex always appear when playing at Chelmsford, however empty its tiers of seats and, lest we forget, how much at ease Graham Gooch looks in the teeth of battle.

Admittedly, with a first innings lead of only 74 to defend, the A Team bowling amounted to little more than a skirmish, but Gooch batted strongly, especially to good balls. He is never graceful, sometimes tucked up, but almost always hard-hitting. If he captains England this summer he is likely to be level-headed against the Australians who are under the knowing hand of that other Essex stalwart, Allan Border.

I hope the England selectors create an attack with some character against Australia by choosing a couple of good spinners, preferably one leg, one off, this summer. Far the most effective bowler at Chelmsford was the Essex off-spinner Peter Such, playing for his county; he took 11 for 124, making England's batting hopefuls look pretty silly in the process.

Such toured Australia with the A Team last winter and, as in Chelmsford, so in Canberra "Screaming Lord Such", as the locals call him, bowled well. Against the Australian Cricket Academy his match figures were 11 for 144. Such, like the nippy rather than fast Andy Caddick, had some good games on tour and came back confident.

I went to see A Team captain Martyn Moxon at Chelmsford, when he was still contemplating the misery of his team's batting. He said he thought there had been some "writing down" of the A Tour in Australian reports, to devalue it and stop improving players like Such and Caddick getting full benefit from it.

One thing the A Team did learn on a tour their hosts never really took seriously was resilience in the face of failures and defeats, uncomfortable distances and disorders, empty grounds, some second-rate opposition and only second-class status for games.

Moxon struck me as refreshingly uncomplaining, with traces of old-fashioned enthusiasm yet reluctant to speak unless he had something to say. He is one of a series of nice captains chosen for the England A Teams: Mark Nicholas took the first to Kenya and Zimbabwe in early 1990; Hugh Morris took the next to Pakistan and Sri Lanka and stood in for the injured Moxon in Bermuda and the West Indies in the winter of 1991-92.

I asked Moxon whether the A Team players really saw themselves as future England players or whether there was a danger of them becoming has-beens, not-quites and also-rans, strengthened by the presence of Test players such as Jack Russell and himself, but falling short of Ted Dexter's claim at the start of the A Tour to Pakistan and Sri Lanka that "it's about producing future Test cricketers for England."

Misfortune has taught Moxon to look on the bright side. There is no other way to survive as captain of Yorkshire. He gave me a reassuring smile. "It's every English cricketer's dream to play for England. But if it doesn't happen, it doesn't."

I decided perhaps I did not need one of Moxon's patent Tizer mixtures to keep me going after all. Somebody near us in the pavilion bar had just ordered one and Moxon described them, rather alarmingly, as something to really get his benefit year going. He deserves to do well. The winter was a hard one, dogged by the bad luck which seems to blight him whenever his dream comes true and he finds himself picked for his country, whatever the level.

He was picked for the 1984 Lord's Test against the West Indies but had to withdraw because of injury and wait until 1986 to make his Test debut. He has played in 10 Test matches, never with his place safe or settled. His highest Test score is 99.

Nor have the A tours brought him much better luck. The 1991-92 tour to the Caribbean was demanding and England lost, but Moxon broke his right index finger in a casual game before he had a chance to take part in the fight. He hurt that same finger again in Australia this winter, though it recovered in time for him to score, inter alia, 123 not out in Canberra. It may even be that he was better off with only a limited share in a tour which, like the unfortunate one to Pakistan and Sri Lanka, victim of political unrest in Pakistan, failed to get the top rating it sought.

Two A tours have worked and two have not. The A Team idea was built under the sympathetic guidance of Keith Fletcher and has encouraged a host of Test cricketers, such as Mike Atherton, who averaged 83 on the first, gentle trip to Kenya and Zimbabwe.

It is the two most ambitious ones, to Pakistan and Australia, that have stayed trapped as second-rate efforts. Perhaps next winter's tour of South Africa will do better, combining tough cricket with good relations.

There have always been reserves and youth teams; Moxon himself has played for England, England B and England A in his international career. I am inclined to be sceptical about the notion of an A Team breeding-house for future Test players and cannot help noticing how well the best countries manage without one, but it is worth a try.

This last tour was difficult and even the many injured players – Moxon, Graham Lloyd, James Boiling, Mark Ilott, Dominic Cork, Caddick – learnt a lot.

Graham Thorpe has now been on all four A tours; he is a stylish left-handed batsman and a fine fielder. Surely it will soon be time for the selectors to give A Team veterans such as him a chance to play a Test.

Rugby/**John Hopkins**

Two codes, one language

SO YOU know your rugby union and your rugby league? You know all about the schism of 1895. You can distinguish between the six-tackle rule and the turnover law, a play-the ball and a penalty. You would not mistake Martin Offiah for Andrew Harriman or Shaun Edwards for Dewi Morris. Most of all, you realise that this afternoon both codes will be on display in London.

At Twickenham, headquarters of rugby union, Harlequins play Leicester in the Pilkington Cup final and hope to do better than they did last year when they lost in the last minute of extra time to Bath. A few miles north, Wembley will resound to cheers of support for Wigan and Widnes as they compete for rugby league's Silk Cut Challenge cup final.

Union and league, amateur and professional, 15-a-side and 13-a-side; the shape of the ball is the same but in other aspects rugby union and rugby league are, to paraphrase Winston Churchill's remark about Britain and the US, two codes divided by the same game.

Rugby union is amateur, a game played by men who have other jobs. Rugby league is professional, a game for which men are paid to play. That is correct, is it not? Up to a point, but consider the following apparent contradictions.

Bath, Llanelli, Leicester and Northampton and Gloucester rugby union clubs probably turn over more money in a season than most league clubs.

Rugby league has one current star who can describe himself as a millionaire: Ellery Hanley. Rugby union has two. David Campese has claimed he became rugby union's first millionare three years ago. It is said he has been joined by Will Carling, captain of England.

It is fashionable for rugby union officials (known, for a reason that has never been quite clear to me, as alickadoos) to belittle rugby league. This attitude is misplaced because, if anything, union has copied far more from league these past years than *vice versa*.

In union these days it is commonplace to hear talk of a big hit, meaning a fierce tackle such as that by Mickey Skinner on Marc Cecillon in the semi-final of the World Cup. These big hits have come from rugby league and are a direct result of the extra emphasis now being placed on upper-body strength.

Australian rugby league players started the trend more than 10 years years ago when they began to work with weights to develop their upper-body strength. Previously they had concentrated on building up the torso and legs.

When the Kangaroos (the Australian rugby league team) reaped the benefits, the Wallabies (the Australian rugby union team) sat up and noticed what their countrymen were achieving and added serious weight training to their schedules. Since the 1987 World Cup, weights have become as much a part of union jargon as drop outs, the 22 and the line-outs.

The scrum has never played a significant part in league. These days, it is being downgraded in rugby union, too, as are rucking and mauling. These days scrum-halves in rugby union put the ball in to the second row of their scrums as a matter of course – as they have done for years in league. A strike against the head is a rarity these days, like a try by a prop forward. I have seen more than 40 games this season and from all the hundreds of scrums in those games only once have I seen a scrum-half penalised for a crooked put in.

That is not all: at the World Cup sevens in Edinburgh there were often more players offside than onside; men standing almost on top of their opposite numbers. This is beginning to happen in 15-a-side, too, and is another trend that has spread from rugby league. So has the elaborate sign language referees now use to explain why they blew their whistle – not to mention the trend of miking referees for television.

If you think the lines between the two codes are clearly drawn then try answering these questions: which clubs routinely draw 6,000-8,000 spectators to a home game? Wigan do and so do Leeds, both of which are league clubs. But, significantly, so do Llanelli, who have been so startlingly good in Wales this season. There were 10,000 at Stradey Park on Wednesday night to watch Llanelli clinch the league title. Bath would attract more spectators if their ground was bigger. As it is, the capacity of 8,000 is reached at almost every home game.

Which code offers its star players cars, houses, jobs, petrol money? Again, the obvious guess is league, but increasingly the answer is union. There has been a sea-change in the attitude to money and the like in rugby union, and a new job, a *sponsored* car, help with a mortgage and money are commonplace in the supposedly amateur code.

I think the two codes are closer together than ever. If I could not go to Twickenham then I would climb on the Tube and head for Wembley.

Twickenham offers a confrontation between two outstanding flankers, Neil Back of Leicester and Peter Winterbottom. At Wembley there is the chance to see Jonathan Davies, arguably the most complete footballer of his time, dazzling Wigan's all-star team and perhaps sparking an upset victory for Widnes.

Frankly, I wish I could watch both matches live.

Link man: Jonathan Davies has dazzled in union and league. Today he plays for Widnes at Wembley

Soccer/**Peter Berlin**

Ode to joy

AFTER eight topsy-turvy months the struggle to be the first holder of the hideous new Premier League trophy has been reduced to a simple equation. Manchester United need to win one of their two remaining games to clinch their first league title since 1967. Even if they cannot manage that they will be champions if Aston Villa fail to win their last two games.

So far United have shown little sign of the collywobbles which undermined a commanding lead in the league last year, but they face two opponents who will expose any weakness of nerve.

The first, at Old Trafford on Monday, are Blackburn Rovers, the Premier League's form team whose last game was a 3-0 win over Aston Villa. The second are Wimbledon next Sunday. Wimbledon, according to accepted wisdom, are the last team anyone would want to face needing a win to clinch the title.

Wimbledon are reviled among the soccer "purists" who refuse to accept that part of the game's beauty is that it lends itself to so many styles of play. Wimbledon are not pretty but they deserve respect.

For the purists this season has been a joy. The title has been a three-cornered fight between teams that play the game "properly". But there is also a huge difference between the styles of Villa and United. And what has separated those two from their main challenger, Norwich City, is not their attacking play but a characteristic they share with Wimbledon: steely pragmatism.

Of the two contenders, Villa have been more enjoyable to watch. Ron Atkinson, their manager, has bought a string of canny veterans, comfortable with the ball at their feet, happy to work unrelentingly for the team. Their midfield is short on flair but long on intelligence.

Villa can win matches with the breakaway pace of Dean Saunders and Dalian Atkinson, but they can be patient, too: penning opponents in defence, moving the ball fluently from wing to wing, picking away for holes. The movement off the ball is continuous; players find space and in turn receive uncomplicated ground passes, nearly every one delivered simply, securely, with the instep. Dwight Yorke won BBC TV's last goal-of-the-month award with a simple tap-in after a passing move involving nearly every Villa outfield player.

At most Villa games this season the neutral fan has been able to settle back in his seat and enjoy a flowing display of deceptively simple elegance.

United you watch from the edge of your seat. This is not because they live dangerously. Their defence is even tougher than Villa's and has given them an advantage in goal difference which may prove decisive.

United's attack is addicted to risk. Paul Ince, Ryan Giggs, Mark Hughes and, most of all, Eric Cantona, disdain the simple technique of the coaching manual. Every United attack is conjured from flicks, chips and back heels. Even with players as gifted as these, such tricks fail more often than they succeed. As a result, United can go for long periods without mounting a coherent attack. But that is not the point.

United's most terrifying weapon is the pace of Giggs, Lee Sharpe and, when he plays, Andrei Kanchelskis. Not for them the careful rhythm of Villa; they try to engineer breaks from midfield, or at least to prevent opposing defences settling into a comfortable formation.

United's march in recent weeks has been characterised by sudden goals from rapid raids, starting with the three that destroyed Norwich's offside trap and title hopes, and most recently those from Hughes and Ince that pierced Crystal Palace 10 days ago.

Last year, Alex Ferguson, United's manager, picked increasingly defensive teams in the final weeks; he blames injuries to strikers but that does not explain why Kanchelskis started just four of the final eight games. This year Ferguson has not blinked and he has kept picking four attackers.

The policy has been a success psychologically as much as tactically. "We went out dreading every game towards the end of last year," says Hughes. "Now it is a joy to play."

TRAVEL

A visit to the wild west of the far east

*The way we were: **Nicholas Woodsworth** returns to Cambodia full of curiosity about his brother's life in Phnom Penh*

I HAD NOT seen my brother, Gregory, for some years when, for the first time since we lived there as children, I returned to Indochina.

Like many people who grew up abroad, we have continued to lead the same life we began with. After tentative stabs at permanence, we both fell into a gipsy kind of existence, I into journalism, he into international aid. Over the years, we rarely found ourselves on the same continent. But, when our paths crossed, Gregory always had enthusiastic news of promotions, postings, moves up the career ladder.

It came as a surprise, then, to learn some time ago that Greg had fallen in love, left his job at the UN in New York and, with no clear prospects in mind, moved to Cambodia. I was curious to see what kind of life he had found for himself in Phnom Penh. I might have been less so if he had taken up, say, with someone from Milton Keynes and become an accountant. But here he was, settled down with a French-Cambodian woman and helping her run a hotel for the Foreign Legion. It sounded as improbable and as curious as events in Cambodia itself.

'Children set off firecrackers in places calculated to cause mischief'

I had no greater idea of what to expect in the Cambodian capital than of the changes in my brother's life. When we left Indochina early in the 1960s, Cambodia was a Buddhist kingdom still ruled by a demi-god: an old, cultured country, hierarchical, mannered and ceremonial, authoritarian, admired nostalgically by the French civil servants who had administered it so recently.

However, the bloom of centuries was mangled rapidly by the ideologies that colonialism engendered. Over the next three decades, one cataclysm followed another: a Vietnamese war that over-flowed its borders; a secret US bombing campaign to halt the spill; a right-wing political coup; invasion by US forces and their South Vietnamese allies; four years of social chaos and at least 1m lives lost to genocidal, Chinese-backed Khmer Rouge revolutionaries; invasion again and the installation of a Soviet-supported, Vietnamese-led regime; and 10 years of factional fighting which bled the country dry and has left it without effective government to this day.

It is a familiar, endless litany of strategic super-power manoeuvring, regional economic opportunism and national political chicanery, a list of horrors that makes you wonder that there is anything left of Cambodia at all.

I arrived in Phnom Penh at the beginning of Tet, the Chinese new year celebrated in south-east Asia wherever Chinese traders, and the communities that follow them, have settled. As I wheeled into town from the airport, crowds of Cambodians in their holiday best strolled the promenade alongside the wide and muddy Mekong river.

Brides in long white dresses posed in parks for family albums. Bands of children set off firecrackers in places calculated to cause maximum mischief. The city was festive, vibrant, humming, a far cry from the ravaged image that two decades of Cambodian war reporting has left in our minds.

From the back of a motorcycle taxi, Phnom Penh is a place that would have delighted Lewis Carroll. It appears to have decided that it lives in some upside-down, back-to-front universe.

You do not simply drive in Phnom Penh. No matter what the situation, and at whatever speed is half-sanely possible, you *merge*. In Phnom Penh, intersections are challenges to be overcome, vigorously. Left and right are nominal notions. The only rule is that big gives way to small. Downtown, several hundred thousand motorcycles, cyclo-trishaws, bicycles, UN trucks, cars and 4x4s all work to a rhythm that is innovative, energetic and untrammeled by fixed procedure. It is a style that reflects the ethos of the entire city: surprisingly, it more or less works.

Gregory lives not far from the river on a bumpy dirt road off the Monument d'Independence. It is a residential area of whitewashed villas: small, smoking, street-side piles of burning rubbish; palm and ornamental banana trees, and orchestras of lonely dogs that delight in barber-shop harmony at 3am. Sometimes there is the sound of small-arms fire at night. Gregory lives in the company of a small dog, a baby monkey named Lucy, a floating population of servants, their dependents and hangers-on – and Paulette.

Paulette is dark, petite and pretty. She has a quick, white smile and a voice that changes mysteriously, and as rapidly as needed, from the liquid vowels of French to the short, chopped consonants of Khmer. She has the inner poise of the Asian and the European's spontaneous energy. After 20 years of life in the west, she has decided to give the Cambodian part of herself another chance.

Gregory is not the first young man to be lured by the attractions of Cambodia. In the mid-1930s, a French military surgeon, having finished a tour of duty in Saigon, decided that he liked colonial life in the east and settled in Phnom Penh.

He taught at the city's faculty of medicine, opened a branch of the Pasteur Institute and built a leprosarium. Among his patients was the young Prince Norodom Sihanouk, even then part-deified royalist and part-populist demagogue, the quirky leader upon whom the fate of Cambodia hangs so shakily today.

In spite of his busy life, the good doctor eventually found time to marry a Cambodian wife and start a family which grew to include six children. Paulette was one of them. Educated in French schools in Phnom Penh, Gallic in taste and temperament, the doctor's family found life ever more difficult under the radical nationalisms that began tearing Cambodia apart in the 1960s.

By the early 1970s, their father having died, the children began drifting away to studies, marriages and more stable lives in the west. By April 1975, when Phnom Penh surrendered to advancing battalions of the Khmer Rouge, only three of the children and the doctor's widow were left. She was lucky; she escaped the rural exodus and death in the killing fields by finding refuge in the French embassy.

Few of the friends Paulette left behind in Cambodia are alive today. Talk to any number of Phnom-Penhois and you are unlikely to find one who is not a survivor of a horrifying family tragedy. Paulette's decision to remake her life in Cambodia has required not only a prospect of peace, however slim, but courage to overcome the memories of the past.

Phnom Penh is a city of several faces. In the days that followed my arrival, Paulette showed me Khmer Phnom Penh – royal palaces of tapering spires and delicate gables curving skyward; temples and pagodas where, through the drifting smoke of joss sticks, the electric halos of gaudy plaster Buddhas blink on and off, and side streets teeming with noodle stalls, sidewalk barbers and motorcycle repairmen performing miracles with bits of scrap metal and wire.

Paulette also showed me colonial Phnom Penh, the city of her own past: the arched porticoes of the Lycee Descartes where she studied; the art-deco façades of the Circle Sportif where she swam and played tennis; the mahogany-lined halls of the Hotel Royal, the most elegant Cambodian watering hole of its day.

'The Khmer and colonial faces of Phnom Penh are mere sideshows'

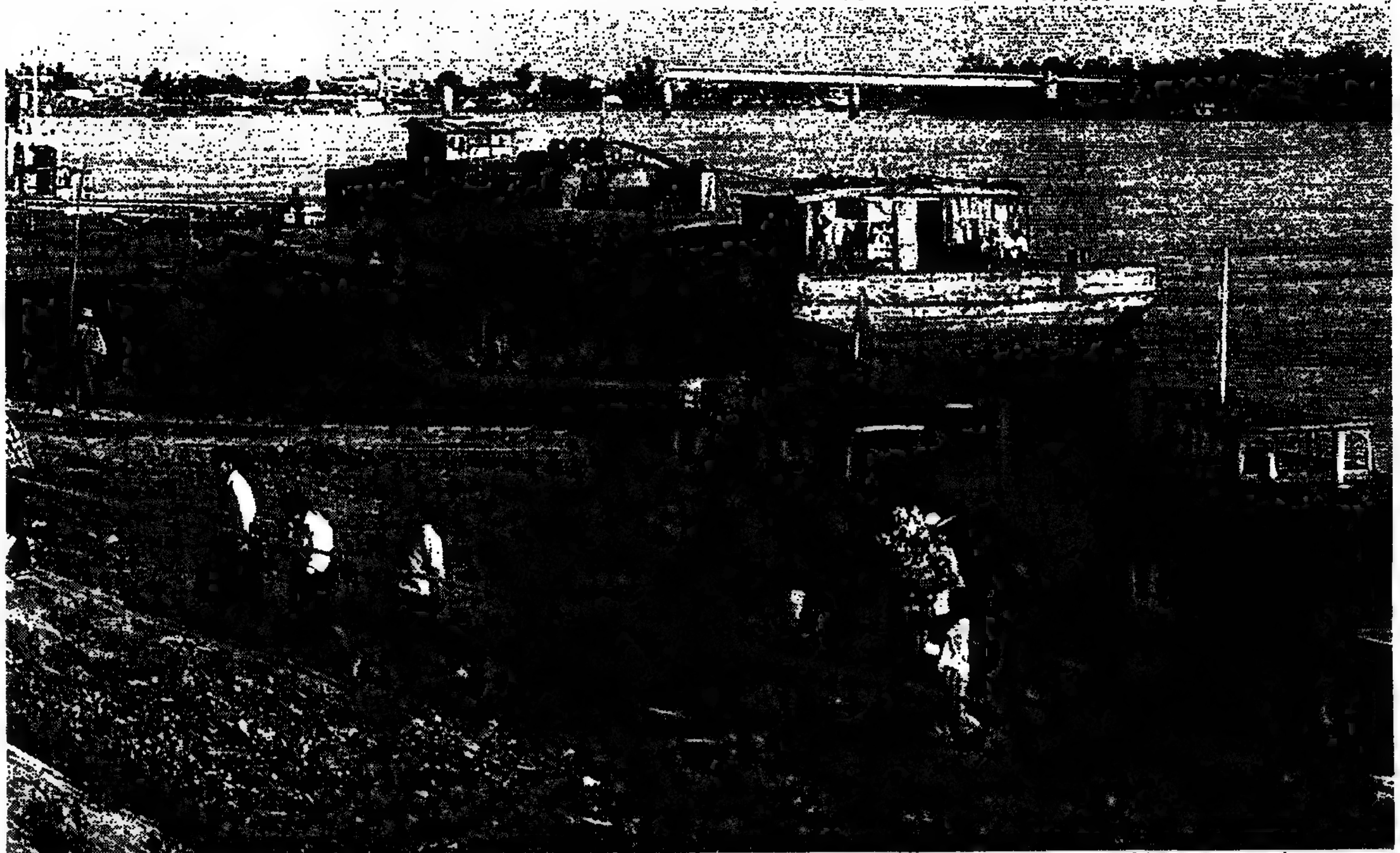
Now, much of colonial Phnom Penh is sad. The sienna walls of abandoned villas are covered with mould and lichen. Their jalousies are weather-beaten and open to the breeze, their gardens forsaken and gone to seed. For Paulette, it all evokes a special sadness.

But the Khmer and colonial faces of the city are mere sideshows to Phnom Penh these days. They have all but disappeared beneath the big top thrown up by the biggest circus in town – the UN.

If the 22,000-man, 8,000-vehicle, $2bn peace-keeping effort of the UN Transitional Authority in Cambodia, the largest operation of its type ever mounted, has failed to assert itself over the most crucial parts of the country – Khmer Rouge territory – it is indisputably present in Phnom Penh.

I have difficulty imagining just how bad the Pol Pot years were. Even under the Vietnamese who replaced Pol Pot, Phnom Penh was a dismal and deprived place. Today, all that has changed. A wild west of the far east, the city is riding a booming, unregulated, dollar-propelled economic wave.

One afternoon, Paulette took me to one of the two small hotels she has leased and manages in town. Pastis, Gauloises, card games of *vingt-et-un*, tired men in jungle fatigues talking about their work in paddy-fields – with eyes half closed, I might have been watching French Saigon in the 1950s.



Boats at Quai Karl Marx, Phnom Penh, a city of palaces, temples and noodle stalls — Sarah Murray

Paulette, though, is only one of tens of thousands of Phnom-Penhois who have found a living in the artificially-generated service economy. Visit some of the scores of other hotels, shops selling luxury goods, foreign car dealerships, bars, restaurants and dancing halls that have sprung up like mushrooms, and you will find that the UN has brought the whole world to the city.

In the Pacific Hotel I watched a mountainous, bristly Bulgarian soldier wrestle a slip of a girl – one of the many Vietnamese who have flooded into the country for its quick and easy living – out of her chair and on to the dance floor for his own Balkan version of rock 'n' roll. In The Cathouse, favoured for its shorts-clad Filipino girls, I watched New Zealanders thrash Canadians at the pool table. In the No Problem Café, a villa of restored colonial elegance, I sipped the ultimate in UN-inspired cocktails: a house special of gin, blue curaçao and lime known as *la casque bleu* (the blue helmet).

Following two decades of hardship, Phnom Penh's quick prosperity seems something of a dream. In spite of the smoke-and-mirrors magic of the spending boom, there is little solid investment. No one knows what will become of Cambodia and Phnom Penh after the UN goes home. Everything is sold, nothing is made. Most new fixed investment is not Cambodian but ethnic Chinese. Profit on assets is calculated not in years but in months or weeks. Private and state corruption is endemic: government officials sell everything from official cars to the buildings in which they work.

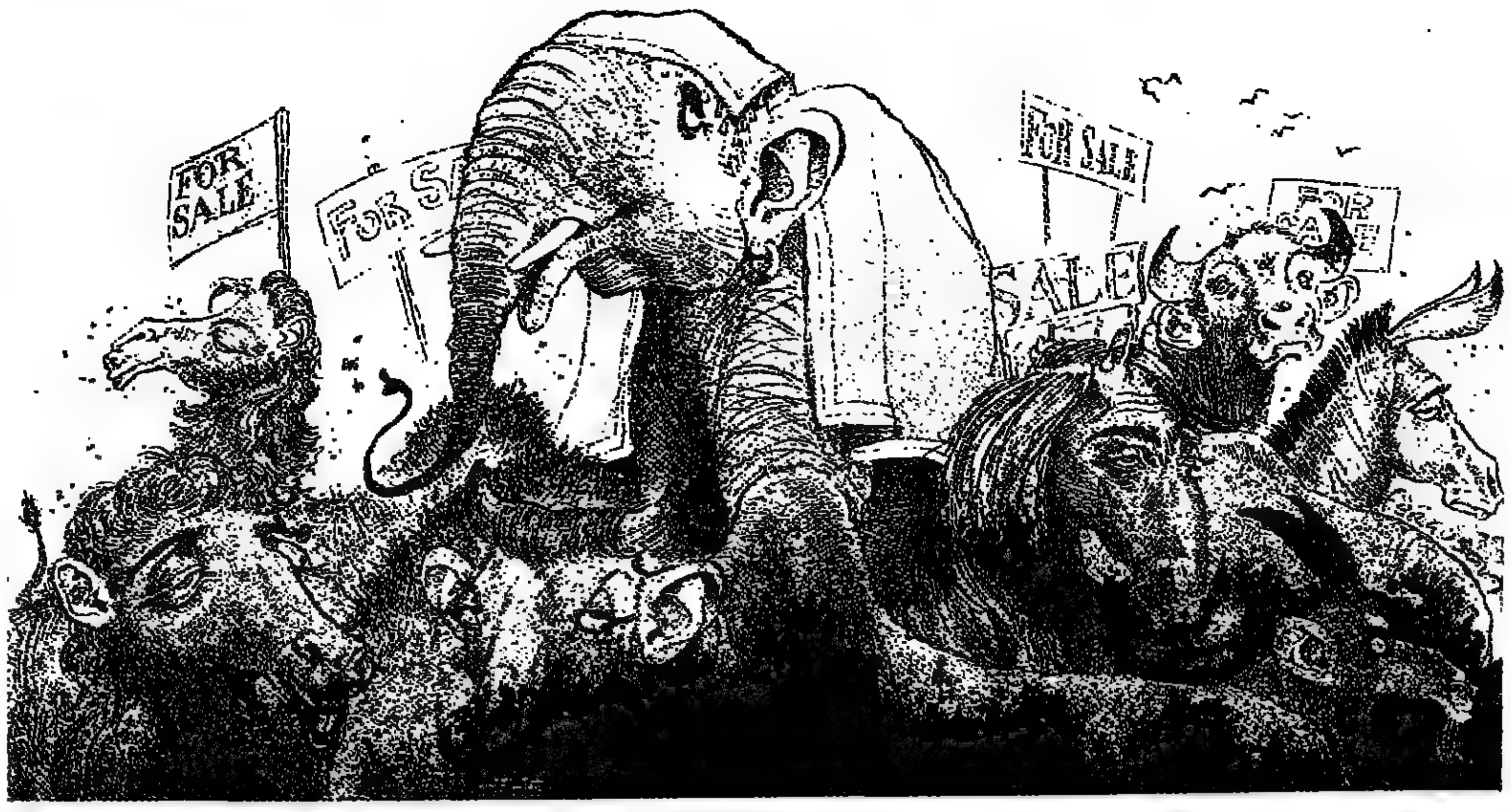
It makes Paulette sad. I asked her one evening why the country seems to have so little faith in itself or its future. "Cambodians are a nation of survivors," she told me. "Under Pol Pot they learned to lie, to steal, to cheat. Day-to-day survival has become everything; when we see an opportunity today, we seize it before it goes. We live in impermanence and uncertainty."

Paulette dreams, one day, of opening a fine hotel on Cambodia's lush tropical coast. Greg imagines environmental protection on the Tonle Sap Lake, Asia's last great unspoiled wetland. Neither, however, believes an end to the country's problems lies just around the corner.

TRAVEL

Trunk calls only to north India

Michael J Woods *visits the elephant fair at Sonepur, Patna*



WEARING A red cap fringed with silver, a sweeping rich red cloak, large and opulent earrings and delicately applied make-up, Moti (Pearl) looked every inch the star he was. His owner claimed proudly that he was the best elephant on sale at the fair, which explained his high price – the equivalent of £8,140.

As his owner was Mr Solanki, the district president, who had three armed guards, who was I to argue? "Either I sell him for that price or I take him home. I will not bargain", he said, as Moti rocked back and forth on his shackled legs, the chains clinking slightly with his restlessness.

From time to time his mahout, who sat beside him on a bed of reeds, cut a stem of sugar cane into convenient lengths, tied them with some blades of grass and passed them to Moti's questing trunk. The animal hoisted them to his mouth and munched them with relish.

The *mela*, or fair, at Sonepur, near Patna, in northern India, is reputed to be the largest in Asia, an immense gathering of traders who come to buy and sell cattle, horses, buffaloes, mules, oxen, goats, camels and, most famously, elephants.

A little like an Indian version of the Royal Welsh or Bath and West agricultural shows, manufacturers have stands at Sonepur to promote fertilisers or tractors, and state departments such as forestry and railways have their own exhibits.

There is a large fun fair with three big wheels and a variety of stalls forming a vast bazaar. Here women sit beside the piles of dye of pure, almost luminescent red, orange and yellow, while next to them may be cauliflower or egg sellers or street barbers.

And there is food for sale everywhere. Curries bubble and steam, fresh samosas gleam golden from leaf dishes while a skilled cook expertly twirls his bag of flour paste over a pan of boiling butter to create distinctively shaped sweetmeats called *gilebi*.

At times, it is difficult to linger because of the press of the crowds. The pedestrians who fill the roadways have to draw aside to allow bellowing buffaloes or Brahmin cattle to pass, or to give way to the strident bells of the tricycle rickshaws, or the hooting of buses.

The *mela* originated as a religious event and begins on the day of the full moon in November, Kartik Punima. At dawn, large numbers of Hindu pilgrims gather for a ritual dip at the confluence of the Rivers Gandak and Ganges, where a mythical battle took place between an elephant and a crocodile, the reincarnated forms of two brothers. At its climax, when the elephant appears doomed, Lord Krishna steps in and the crocodile is killed.

Pilgrims stream in from miles around, pouring over the old iron bridge into Sonepur itself, arriving by train at what is India's second longest platform or clotting the road with traffic until the resultant jam seems gridlocked. Arriving at the back of such a queue, you need a top-class fixer, and we had one in the form of Zubin Mody, our guide and major domo who travelled with us throughout our trip.

Stepping lightly from the bus, Zubin quickly found the local chief of police and, by means about which we did not inquire, enlisted his help to shuffle lorries off the road and clear a space across the market square so that we could rumble through to our camp site. Parts of that jam were eight hours old.

Once the *mela* gets going, it does not stop for a month and is a 24-hour-a-day affair. As the light melts away and the day comes to an end, the dust in the air appears to thicken and is joined by the smoke of dozens of newly-lit charcoal and dung fires.

When night comes properly, the circus opens and the evening shows begin. We entered through a thin board facade of a castle entrance, the sort of thing you might see at the landward end of a failing pier at a second-rate seaside resort. Inside, the great canvas hall was divided into four sections, denoting four ticket prices, by barbed wire hung on bamboo staves to keep the groups of men (these shows are for men only) apart.

Our show consisted of a series of modern Indian songs, with music so amplified – to reach those at the back – that it was painfully distorted near the front. While they remained fully clad in knee-length, long-sleeved, high-throated dresses, the pelvic thrusts, hip wiggles and breast-shaking of the singers left little to the imagination. It seems the fences are also necessary to keep susceptible country boys at bay.

At first light the elephant lines stir. Fires are rekindled and new fodder arrives. One by one, the chains are loosed, the mahouts climb astride the elephant's neck by grasping both its ears and walking up the animal's trunk, and they pad off to the river.

Gentle as lambs, they rolled amiably on to their sides in the Gandak to be scrubbed with bricks or stones like pumice: faces, ears, sides, back, even the soles of their feet. With one side done they stood up, turned round on command and lay down for the washing to be completed.

The sun had almost risen when Moti came striding along, full of self-importance. At the top of the bank he stopped but, try as he might, Moti's mahout could not persuade the stubborn pachiderm to approach the water. Good looking he might be, but such intractability banished thoughts of raising £8,140. I was not going to buy an elephant which refused to be washed.

■ **Michael J Woods travelled with Twickers World, which offers a *15-day* Indian journey that includes two days at the Sonepur mela and also visits Delhi, Jaipur (where elephants, bought at previous fairs, can be ridden to the Amber Fort), Agra, Patna, Calcutta and Bombay. There is only one departure a year to coincide with the mela: this year it will be on November 22, costing from £2,165 plus government hotel tax.**

Dresden: bombed, battered and beautiful

MUCH OF Dresden's historic core is still a reconstruction site, 48 years after RAF bombers smashed it. But the old architectural gems are slowly coming to light again in time for the city's 800th anniversary in 2006.

The spirit of reconstruction was brought home to me after climbing the staircase of the Albertinum, when I spent some time on the first-floor landing absorbing Canaletto's five magnificent Dresden panoramas. On one of the churches he had painstakingly recorded scaffolding around the steeple. Sometimes life seems to stand still. The same steeple was encased in scaffolding during my visit as well.

Although it is one of Europe's greatest art galleries, the Albertinum is mercifully neither overpowering nor crowded. It is all the more pleasurable, therefore, to take in the few rooms of Old Masters, where household names predominate. Even the Durers, Holbeins and Botticellis paled (at least for me) beside Titian, Vermeer, Raphael's Sistine Madonna and my own favourite: Rembrandt's joyous self-portrait with his wife.

The one view by Canaletto that looks virtually unchanged is the courtyard of the Zwinger. Despite torrential rain, I found the Zwinger one of the most enchanting Baroque buildings I have seen – light and airy, as befits a palace built for pleasure and festivals.

Eighty per cent of visitors to Dresden are there on business, and the hotels could fill their beds three times over throughout the year. Hotel prices trebled after unification two years ago, and, at least until recently, they are the most expensive in Germany. Even a double room in a two-star hotel can cost around £90. For most tourists, the obvious solution is bed and breakfast 10 miles from the centre at around £35.

Visiting the former DDR is not just about seeing a clutch of great monuments. My suggestion is that, if you missed the fall of the Berlin wall, then go now, because for a comparatively short time you can witness a rare and exciting occurrence – the painful attempt by the east Germans to come to terms with their new fate: half a nation in metamorphosis.

Everywhere you look, life in the old DDR (the letters still top many buildings) mixes with the new. A smart new café stands a few yards from a ladies' fashion shop, so staid it could have strayed from a 1930s film set. How they all love to drive their unlovely Trabants.

We drove west down the silver road to Freiberg, so named because of the silver mined in the area for 500 years until the early 1800s. Grey apartments gave way to flattish countryside and impoverished villages with a good sprinkling of half-timbering. It was like a version of West Germany of 40 years ago. Paint seems to have been largely unobtainable, but here and there was a smartly manicured house and garden, perhaps the residence of a privileged party official, now unemployed.

Freiberg's cathedral square had more charming buildings, but nowhere to sit or drink a coffee. A cathedral guide insisted on locking us out because it was the job of the next guide to let us in. Meanwhile, it rained. Old rules die hard.

Inside, the roof had been repainted with superior Christmas-tree decorations based on 15th-century originals. The astonishing tulip pulpit was half-restored, while many of the Electors of Saxony reposed in stony splendour behind a screen.

Freiberg is a half-day's excursion from Dresden. Meissen is a similar distance, accessible from Dresden by road or by pleasure steamer along the Elbe. Most go to see the porcelain, the first and the best of its kind in Europe – made since the early 1700s. I saw a beautiful thimble for £75, with dinner services *pro rata*. Both factory and museum are worth a detour, but buying is cheaper in Harrods.

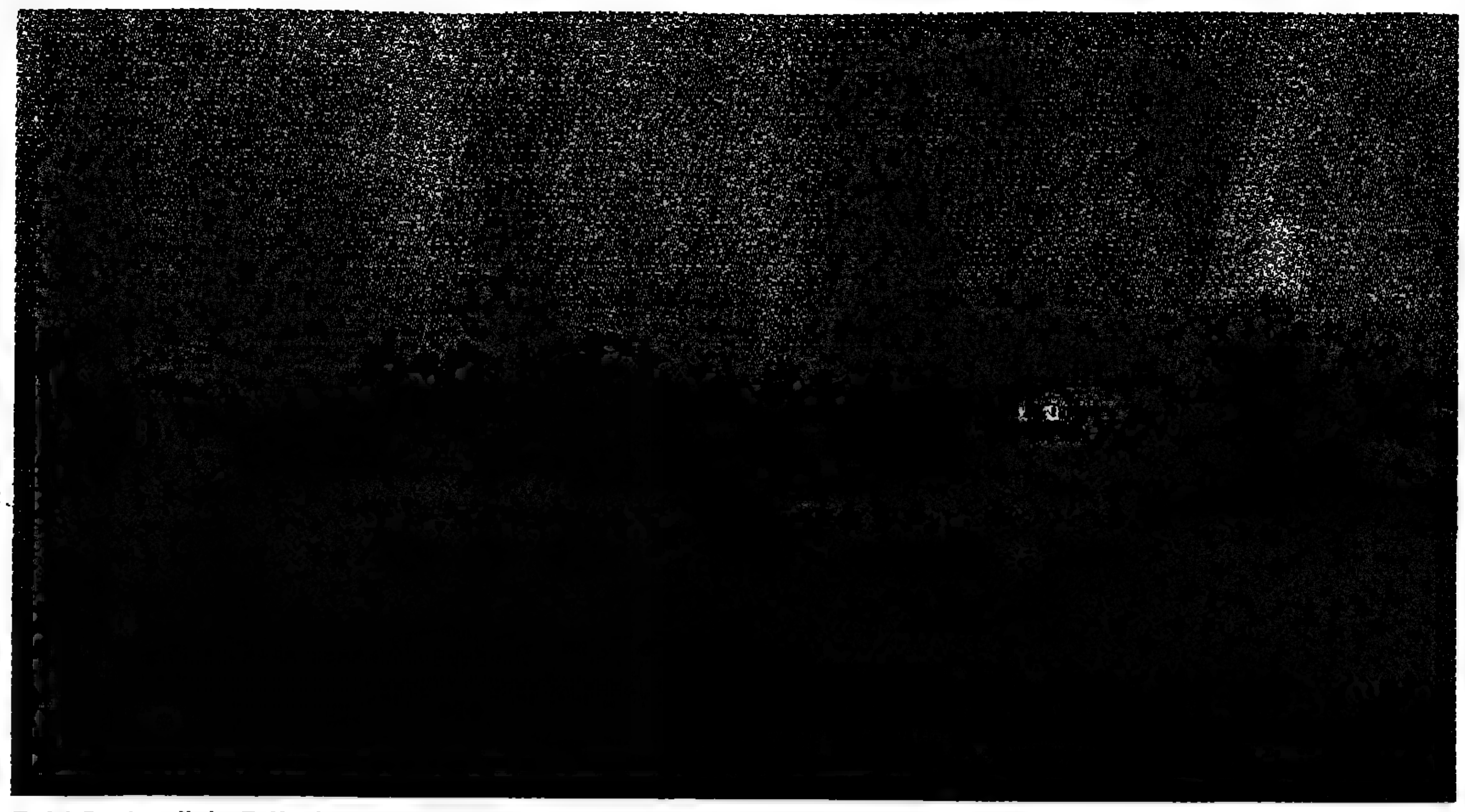
Finally to Weimar, in neighbouring Thuringia – a cultural showpiece even in communist days. Goethe's elegant but modest house – his home for 50 years – is preserved in time-warp fashion, from his inkpot and desk to the armchair he died in. Schiller, his poorer friend, lived only the last three years of his life near by. In bronze they bestride a plinth outside the national theatre where the Weimar Republic was born.

Weimar's streets and squares are a delight. I chewed a Thuringian sausage in the market square while contemplating the house of Cranach the Elder. His last great triptych is in the parish church.

Geoffrey Weston

PROPERTY

For £50,000, there's a world of choice



The Lely Resort near Naples, Florida, where £50,000 could buy you a plot overlooking a fairway on one of three golf courses

You can even get a French manor at that price, says Audrey Powell

A THREE-bedroom, semi-detached house in the Midlands region of England will, typically, cost £50,000, according to the country's largest building society, the Halifax. But what will it buy in other parts of the world?

In the Irish republic, you could get a two-bedroom house or flat in a suburb of Dublin or Cork. In Switzerland, though, you could probably find only a re-sale studio at that price; even then, it would take some effort. One such – at just over £50,000 and offered by David de Lara & Partners (tel: 081-749 2188) – is a second-floor studio with balcony in a chalet at Les Crosets in Portes du Soliel, the Franco-Swiss ski area.

In France itself, £50,000 will buy you a manor house in Picardy with three to five bedrooms and three acres; the sum includes the purchase fees. Agent Barbers (071-381-0112) says it does need some repair work, but the price has been cut from £85,000.

This agency produces a useful after-sale leaflet with advice on such things as paying bills at a distance, letting, and getting restoration work done. If, for instance, you use an unregistered builder, you will not get a VAT receipt and will be unable to offset the work against capital gains tax.

In France's Charente Maritime area, £50,000 will acquire a three-bedroom cottage with 24 acres of marshland running down to the Gironde estuary – a place for the fishing and shooting enthusiast. The cottage does need some interior updating but is only 35 miles from Bordeaux and its international airport.

It is offered by the French Property Shop (0892-852-449) which, at the same price, also suggests a house in a tourist village close to the river Dordogne for anyone seeking a home with income. This has four suites of bedrooms with shower rooms and is used for bed and breakfast. The English owners put it on the market originally at £72,300.

Then there is leaseback. You can buy a property priced at, say, £80,000-plus in a Pierre & Vacances resort in France, lease it back to the company for 11 years – and pay only around £50,000. You can use it yourself for six weeks a year and have no management or maintenance charges. Pierre & Vacances (071-924-6866) has several resorts where this sort of deal is available, including two on the Atlantic coast.

Possibilities elsewhere include:

■ Andorra. Wedged between France and Spain in the Pyrenees, it can be tedious to reach by road from either country, but the living costs are low and there is good skiing. There, £50,000 will buy a two-bedroom flat in a town although the price edges up in the valleys, says agent G.A.K. Williamson & Associates (0962-734-999). Slightly larger than the Isle of Wight, the principality has a population of about 55,000, around 4,000 British.

■ Spain. There are re-sale properties at whatever price you want. For £50,000 there is a three-bedroom furnished apartment near Fuengirola; a two-bedroom apartment in the La Manga club near Cartegena; a three-bedroom detached villa near Torrevieja; a two-bedroom town house near Rosas, with boat mooring included; and many more (through Shield-Kall Wright, tel. 0708-450-784). Fewer new properties are available at this price, although studios are being marketed in the harbour section of Sotogrande on the Costa del Sol (071-924-6866).

For £50,000, buyers should be able to find something new at the Kennedy-Wilson auction of Wimpey properties in Spain and Gibraltar at Marbella on May 9 (details: 071-497-9707). The 77 units being offered range from one-bedroom apartments to three-bedroom town houses at Estepona, Spain, with reserve prices from £15,000 to £70,000 (including several at £50,000).

Of the 19 apartments offered in Gibraltar, four have a £50,000 reserve. Bidders must register before auction day.

■ Portugal. Another way to spend around £50,000 on an overseas property would be to buy a quarter share. These are available from Bovis Abroad at its Sao Lourenco development on the Algarve. The company insists it is not timeshare because you get freehold title.

A quarter share of a two-bedroom furnished flat can be bought for £49,000, and there is an annual maintenance charge of £1,000. Your three months' use is divided into sections through the year, and the pattern rotates over four years. Quarter-share apartments are mixed among those in single ownership on the estate, which offers tennis and swimming. Owners get a 25 per cent discount on the golf course. Information: 0800-353-235.

■ Italy. Many of the rural possibilities there would double in cost once essential renovation was taken into account. But Brian A French & Associates (071-284-0114) suggests a six-room farmhouse at Montisi, Tuscany, with cellars, stables and 20 acres. Priced originally at £75,000, the owners (the family of the late actor Robert Morley) will take £50,000; the reduction should help to offset any later bills.

All this and three acres, too . . . a manor house in Picardy for £50,000. But it needs some work

■ Turkey. A London agent (071-352-2931) who himself has a property in the far south-west Bodrum region says £50,000 would finance a very comfortable villa there on a sizeable plot. One possibility is a freehold site close to the water at Turbuku, 18 miles from Bodrum, and big enough for a detached house with three or four bedrooms and two bathrooms.

The agent suggests that the work could be carried out by a local architect and builder, and adds that other sites are available in nearby villages. The nearest international airports for the area are at Izmir or Dalaman.

■ Greece. A British builder (0423-865-892) is constructing five villas with three to four bedrooms, priced from £50,000. The development is in the Mani area ("the real Greece, rather than the holiday hot-spots") of the Peleponnese, the most southerly part of the mainland. It is about a mile back from the coast but the houses have sea views. The nearest airport is Kalamata.

■ Holland. In Rotterdam, you could buy a block of three (tenanted) flats for a little under £50,000, purchase costs included. They will return an income of just over £4,000 a year net of running costs and expenses, according to London solicitor Osbornes (071-485-8811) which is offering them.

■ Czechoslovakia. Arlette Adler, of Villas Abroad (081-891-5444), is partly Czech and her agency has property available in Prague. For £50,000 you could buy a one-bedroom flat in the city centre or a two-bedroom apartment off-centre.

There is a shortage of hotel accommodation in Prague and charges are high. Thus a business person who visits the Czech capital often might find it worth having such a *pied-à-terre* available, particularly as Adler says it could be let "extremely profitably" when not required.

■ US. In south-west Florida, east of commercially-orientated Fort Myers, is Lehigh Acres, a residential community with three golf courses. Agent Tom Cowell in Bangor, Wales (0248-370-601), is offering three-bedroom, two-bathroom homes with two-car garages on quarter-acre plots for just under £50,000, including the land.

Some 37 miles south, on the fringe of leisure-orientated Naples, is the 3,000-acre Lely Resort where a third golf course will be completed next year. A hotel, tennis ranch, country club and pools are being built, along with houses and flats.

What would £50,000 buy there? If you are lucky, says UK agent Knight Frank & Rutley (071-824-8171), you might just get a quarter-acre plot overlooking a fairway. The house would be what you cared to spend.

MOTORING

The long and winding road: John Griffiths' Lotus Cortina on the old Silk Road near Erzerum in eastern Turkey Neville Marriner

The rally that suddenly stopped being fun

***John Griffiths** on attitudes and events that have soured the London-Sydney race*

At 35,000 feet, on board a chartered Ilyushin 84 over the still snow-clad wilderness which vaguely defines the borders of Uzbekistan, Iran and eastern Turkey, the Australians were holding an impromptu auction of 16 bread rolls.

They went for an average of more than $150 each. But what had begun as an auction became a general collection among the 102 surviving crews of the Lombard London to Sydney car marathon who were, thanks to the diplomatic row over the renewed Iranian fatwah on author Salman Rushdie, flying not driving down the old Silk Road to Tashkent, our cars following in two behemoth Antonov air freighters.

When the marathon reaches Eucla, the most remote of the Australian outback towns on its route, the money will be handed over to its school.

"We'd heard there was a catering strike at the airport and that there would be no food on board. So we just grabbed the rolls at the cafe," said competitor Graeme Furness, managing director of a Sydney car dealership. "We were going to raise money for Ginger's children. But when we found out they were 22 and 26, we thought it might be more appropriate to raise funds for the kids of Eucla instead".

"Ginger" was Brian Ginger, the co-driver of a Holden Munaro from Victoria. Brian, a company director who would have been 46 next month, died when the rally car collided head on with a bus on Tuesday. The accident happened 7 kilometres from the end of a spectacular special stage that he and driver Norman Framstad, an accountant from Victoria, had just completed in the Bolu mountains of northern Turkey.

The precise cause of the crash remains unknown. But the death has cast a shadow over the event as we prepare in Delhi for the next five-day leg through the Himalayas and around India. It seems less important whether New Zealander Graham Lorimer's Ford Escort can reclaim his lead from Porsche-mounted Francis Tuthill; whether veteran British rally stars Andrew Cowan and Roger Clark can climb back into the top 10 by Sydney – and certainly whether Neville Marriner and me in our Unipart-backed "Save the Children Fund" Lotus Cortina can continue our steady climb through the field from 96th to 58th.

Framstad has made it clear that at the time of the accident their car was travelling at normal highway speed. Nevertheless, the accident has focused attention on the fact that a sizeable minority of competitors have, some of them frequently, exceeded the limits of what is acceptable in terms of aggressive driving on the public highway.

It is the one misfortune so far of an event which otherwise has seen nearly 120 competitors' and officials' cars passing through 10 countries in 11 days. It has been a triumph of logistical organisation by Nick Brittan and his 30-strong team of administrators.

We have crossed problematical borders, such as Romania's, sometimes through crowds of refugees, in a matter of minutes. We have passed lines of trucks nearly a mile long for whom the same process will take days. And even the competitors were overawed as we watched an entire field of rally cars disappear inside the Antonovs.

Paradoxically, while the organisers may soon read the riot act to the rally's miscreants, the police forces and the inhabitants of some of the countries we have passed through must share some of the blame for the reckless driving.

It is difficult not to respond when crowds line their own streets making clear signs for competitors to go faster, even though, under the rules, these are non-competitive road sections where all normal highway rules must be obeyed. It is even more difficult when – as we have found across all the old eastern bloc countries – police at every junction are holding back other traffic and goading the competitors on.

Brittan points out that the average speeds set for road sections lie well within each country's relevant speed limits. The marathon's regulations also provide progressively stiffer penalties – including expulsion – for competitors who attract police complaints. But for the indulgent attitude of some police forces, several drivers might be facing that penalty.

How, for example, do you excuse one car travelling so fast through a minor, dusty Turkish town that it goes into a backwards spin to avoid a mother crossing the road with her infant? And what did the Skoda driver think, when his car, with his wife and small children aboard, was forced off the road by another competitor in a small town in Slovakia?

The race resumes today. As we have prepared to set out for the Himalayas there has been growing discussion about our behaviour on the road. What is acceptable in countries where, generally, local standards of driving are themselves normally appalling. Even the offenders have begun to realise that Sydney remains 7,000 miles of driving away.

In all other respects, the marathon is living up to competitors' hopes. Even though we are required to use cars of the same vintage as the original London to Sydney marathon of 25 years ago, it is certainly no joy ride.

Cars and drivers are being tested to the limit. We are racing against the clock over high mountain passes with appalling drops – euphemistically described as "fresh air corners" in the route notes – or on gravel tracks snaking through the wilderness.

All these stages, 46 in all, take place on roads closed to public vehicles. They are fast, exhilarating and undeniably dangerous. In Australia some will be as long as 100 miles. And they lie at the heart of the competition for the majority of the 106 crews which set out from London for this 11,500 mile odyssey.

Sisters under the trim

***Stuart Marshall** compares the Rover 600 and the Honda Accord*

ON MY left, the new Rover 600. And on my right, the new British-made Honda Accord. As everyone must know by now, under the sheet metal they are the same cars. What sets them apart are really no more than cosmetic changes to the front and rear ends and a different approach to interior styling and trim.

But are they merely badge-engineered clones? I think it would be glib to leave it at that.

There is nothing dishonourable in using the same engines, transmissions, suspensions and some body parts in what are promoted and sold as different makes of cars. Developing a completely new car costs so much it has become impossible not to. For example: identical engines and transmissions go into Audi 80s and Volkswagen Golfs; all Citroëns and Peugeots; and many Fiats, Alfa Romeos and Lancias. But as individual cars they all manage to feel different.

Were I to get into a Rover 600 or Honda Accord in an unlit garage and drive them off into the night, I would be hard put to tell which was which. Both are as quiet, comfortable, lively and refined as one expects a modern 2-litre saloon to be. In daylight, though, it would be a different story.

Comparing the Rovers I had driven last month with the Hondas I sampled last week, the Rovers seemed somehow more distinguished. I could even have convinced myself they were more than just Hondas that had had a nose job and a tail tuck.

Outwardly, the 600 is a handsome car; a proper Rover, in fact. The Accord looks a typical Honda and there is, of course, nothing wrong with that. From the front, the only car you would mistake a Rover 600 for would be a Rover 800. It looks as up-market as BMW's 3-Series that it is being pitched against.

Inside, so long as lashings of traditional wood veneer turn you on, there is no contest. The interior of the new Rover 600 Series makes the Honda's look quite ordinary and more than matches that of the BMW.

Beauty is, of course, skin deep. The Honda Accord may look a bit bland compared with the Rover but it comes very well equipped.

When the Accord goes on sale in Britain next week a 2.0i LS will have a £15,145 list price. This includes electrically operated front and rear windows, sunroof, heated door mirrors and aerial; remote central locking, stereo radio-cassette and, should you want it, metallic paint.

Its Rover 600 counterpart, the 620SLi, costs £17,200 and metallic paint is a £345 extra.

At £18,475 the poshest Accord 2.0iES is trimmed in soft hide. It even has some wood veneer but is only £25 dearer than the equivalent Rover 620GSi. This, too, has leather seats – but not the Honda's standard air conditioning and driver's side airbag.

So in the end, as the old saying has it, you pays your money and takes your choice. A potential buyer of an Accord or Rover 600 would be wise to match specification details carefully before deciding one way or the other.

The Swindon-built Accord is every bit as British as the Cowley-made Rover 600. Honda is confident company car fleet managers – and their financial masters – have taken this point on board.

If value and performance, comfort and equipment are the only criteria, the logical choice would be the Honda. But the Rover's fairer face and traditionally British interior may seduce status-conscious buyers. Whichever they choose, they can be sure of getting a thoroughly competent car.

Fiction

SF's lost king still defends his throne

FORWARD THE FOUNDATION
by Isaac Asimov
Doubleday £14.99, 414 pages

ELVISSEY
by Jack Womack
HarperCollins £15.99, 319 pages

MORTAL ENGINES
by Stanislaw Lem
Andre Deutsch £12.99, 239 pages

A WAR of succession has broken out. Isaac Asimov, king of speculative fiction, is dead. Publishers have anointed two rivals to the crown: Jack Womack and Stanislaw Lem.

As if to escalate the struggle, *Forward The Foundation*, Asimov's final novel, completed only weeks before the 72-year-old grandmaster of SF died last April, has just been published posthumously. The Foundation series is Asimov's most sustained work of invention and his best loved. Inspired by Gibbon, it is the epic future history of a decadent imperial system incorporating 25m inhabited worlds.

As Foundation fans know, one man sees the collapse coming long before anyone else. He is Hari Seldon, father of psycho-history, a nascent statistical science of human behaviour which forecasts that, left to itself, the Galaxy will endure 30,000 years of anarchy. Seldon reckons that this mother-of-all-recessions may be contracted to 1,000 years if a small enlightened community can be preserved. So he establishes his Foundation, a benevolent secret society, and the seven books of Asimov's series follow its fate.

Forward The Foundation is the biography of psycho-history's founder; a kind of cosmic John Maynard Keynes and the self-confessed *alter ego* of Isaac Asimov. This last book is the keystone in the archway of the series, and Asimov deserves this monument. Be warned though that the pace of invention and surprise is slower than in the early Foundation novels. The stylistic cliché count is also higher. But the subtle, sustained parallel with the last days of Roman imperial sway and the discreet pervasive influence of the earliest Christian communities still ignites the imagination.

Jack Womack, the first challenger for Asimov's crown, has written a strange novel about Elvis, the rock n' roll legend whose transformation into cultural icon was strange enough in the first place. There has emerged in America in the 16 years since Elvis's death a well-documented psychological syndrome to describe the addicted collector of objects sanctified by the touch of the King. His fans regard him as divine; his Graceland mansion is their Mecca. That much is plain fact. Now for the fiction.

Elvissey pictures a future in which the C of E is triumphant. We are, however, light years removed from tea and cucumber sandwiches with the vicar. The C of E is the Church of Elvis, with its schismatic groups including the Prearmyites, the Hosts of Memphis, and the Shaken, Rattled and Rolled. These sects comprise a large proportion of the developed world's population and they are dangerously unstable.

To control them, the globally-ambitious Dryco corporation sanctions an audacious time travel kidnap. The plan is that the dislocated Elvis, plucked from Memphis 1954, will keep his charismatic followers docile in New York 2033. Don't laugh. This is a grim and powerful novel.

Womack's world is discerned as if through a glass darkly, and demands considerable initial attention from the reader. Has the cyberpunk generation the required attention span? I hope so, for this odd and oddly rewarding novel transcends cyberpunk – the streetwise, cynical SF fashion of the '80s – in important ways. Womack's book is different in tone and content from anything you may have read.

Then there is Stanislaw Lem. *Mortal Engines* (translated by Michael Kandel) is a collection of stories which demonstrates what the genre may boast at its finest. The "mortal engines" in the title are not the lethal cannons described by Shakespeare's Othello but living automatons. Virtually every character in these pages is a machine. Even the robot dogs have robot fleas.

A sure sign of Lem's literary stature is that his work demands classical comparisons. Take the novella-length tale entitled *The Mask*. If Kafka and Henry James were writing today in Polish and collaborating on SF, *The Mask* is what you might expect. It is a fairy tale told from the dragon's perspective. Love, death, free will are its themes.

Lem juggles elegantly with the deterministic world of fairy tales in which physics is controlled by morality (good princes always prevail, wicked ones always come to grief). The denouement will make your palms sweat.

The war of Asimov's succession can have only one just outcome. Womack is a prince in waiting. Lem deserves the crown.

Martin Mulligan

New masters of the knuckle sandwich

WASTED YEARS
by John Harvey
Viking £14.99/£8.99, 274 pages

A COUNTRY OF OLD MEN
by Joseph Hansen
No Exit Press £4.99, 177 pages

THE DANGEROUS EDGE
by Lesley Grant-Adamson
Faber £14.95, 330 pages

A SHRED OF HONOUR
by J K Mayo
Harvill £14.99, 256 pages

THE FIXED boundaries of detective fiction and espionage thrillers are secure and reassuring – hence both their mass-market popularity and their critical relegation. Even the better practitioners, from Hammett to Simenon to early Le Carré, are often discussed with respectful irony and damned with faint praise.

John Harvey's hard-boiled police procedural *Wasted Years* is genre-busting crime fiction at its best. Harvey is either an important novelist who happens to use this form or, more likely, a very good genre novelist whose wider ambitions stretch this format. Harvey obeys the rules of this generic type – for example, puzzle-setting – but also transcends them. His method is take a character – Charlie Resnick, a morose Nottingham detective inspector – and go along with him into situations that take him to the end of his tether.

The plot concerns nearly-forgotten violence which has left some nasty unfinished police business, a spate of armed robberies, and Resnick's broken marriage. In spite of the flashbacks, between 1969, 1981 and the recent past, it is an excellent read, with brisk narrative breezes blowing refreshingly through the twisted recesses of this heart-searching cop's past. Resnick makes Inspector Morse seem jaunty, but then again he has a lot to be despondent about: his personal life consists of watching Notts County football team and listening to jazz records with only four cats for company.

Resnick cheers himself up by making outstanding sandwiches – not making but *building*: "thin slices of Gruyère cheese, slices of smoked ham, halved black olives, onion, several pieces of sun-dried tomato and, finally, some crumblings of blue Stilton on top of two thick slices of light rye bread." We readers do not need cheering up, however, as this is superb stuff – the book, that is, not the sandwich.

Dave Brandstetter's L.A. patch is far from Harvey's nervy British provincial city. Private dick Brandstetter is the ageing creation of Joseph Hansen, and this is, in fact, the final Brandstetter mystery. But it is still a good enough place to start for new readers, a spare and stylish whodunnit set in sun-drenched, gentrified southern California. Brandstetter is a blond and blue-eyed veteran; a furtive smoker; another gourmet, though not of sandwiches – he even owns a good restaurant; he drinks malt scotch; and is, unusually for a sleuth, homosexual.

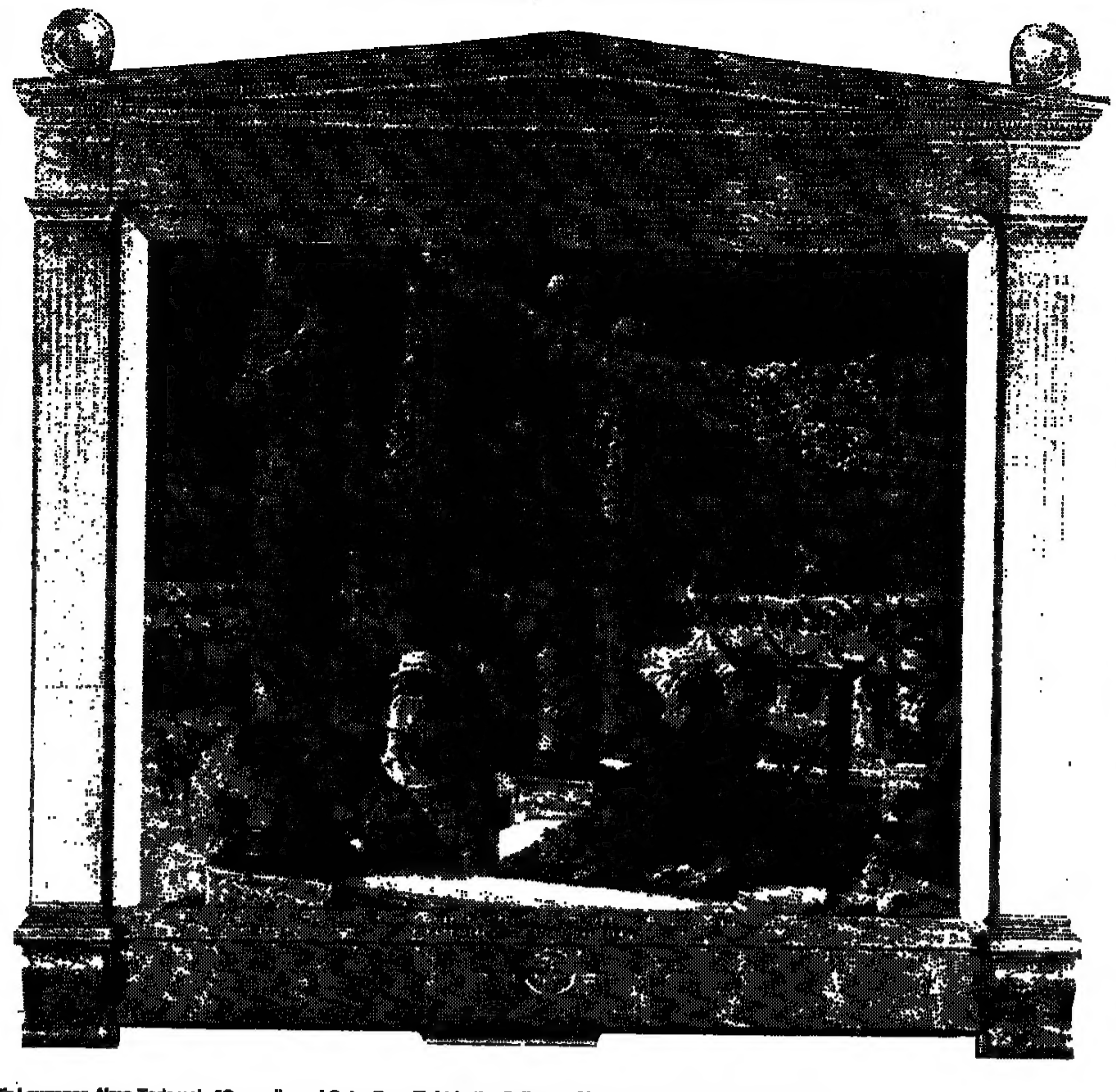
Hansen's tone is cool and determinedly restrained, the better to evoke Dave's low-key integrity, so much so that a sudden elegiac paragraph about marshland lost to the city seems merely "literary" guff from an accomplished writer of popular fiction who wants to be taken seriously. This tiny, preening aberration aside, Brandstetter's last case is a fine yarn of drug dealers, failed rock musicians, child abuse and dishonest local politics – especially at only a fiver.

The Dangerous Edge is a spy story told by a woman in a field where it is generally gentlemen who prefer Bonds. Why was journalist John Blair shot? Why was he in Spain? Is it anything to do with that old East German agent now hanging round Prague? Search me, chum: ask Lesley Grant-Adamson. This is a suspenseful, complex book, part thriller, part crime novel, converging on post-Velvet Revolution Prague.

More labyrinthine plotting in J.K. Mayo's *A Shred Of Honour*. Witty, elegant, humane, Mayo is, like John Harvey, a "real" writer dressed in genre clothing and making the snobbish distinction redundant. A cache of British chemical-biological-radiological weaponry has been stolen from the Gulf theatre of war and sent into the Nubian desert by forces unknown. As the caravan makes its way through Sudan, crumpled, likeably cynical military intelligence agent Harry Seddall plays his hunches about who did it and why.

What is distinctive about Seddall's milieu is that the spies are vital, amusing and brilliant people, completely unlike Le Carré's weary bureaucrats. The plot-twists are amazing yet not far-fetched. The book lodges in the memory because of Mayo's objective treatment of ruthlessness. All this plus more sandwiches, though sometimes of the knuckle variety.

Brendan O'Keeffe



Sir Lawrence Alma-Tadema's "Caracalla and Geta: Bear Fight in the Coliseum 203 AD", to be sold by Sotheby's

Saleroom/**Susan Moore**

New London fair sets antiques world buzzing

SCEPTICS WHO claim that there is no market for yet another antiques fair in London will shortly be proved right – or wrong. Wednesday sees the opening of the new British Antique Dealers' Association (BADA) Fair, staged in a Salon de Mars-style pavilion in the forecourt of The Duke of York's Headquarters on the King's Road in Chelsea. It is the first fair organised by and open exclusively to BADA's 380 members (unlike next month's Grosvenor House which is organised in association with BADA but invites non-members), and has been 10 years in the making.

It was conceived to provide an affordable and distinctive London showcase for those provincial dealers – plus those in the capital – who do not aspire to the glitz and telephone-number price tags of Grosvenor House. The public would be offered a comprehensive survey of the nation's art and antiques – and the re-assurance of BADA vetting – by simply taking the Underground to Sloane Square and walking 100 yards. From the trade's point of view, at last, not only the big London boys would reap the benefit of the end-user's price.

As it transpired, the provincial dealers proved cautious and more than half of the inaugural fair's 90 or so exhibitors are London-based. A fifth are big boys who are also exhibiting at Grosvenor House. The envisioned clear-cut distinction between the two fairs is bound to be blurred, not least given the directive from the organisers of Grosvenor House that exhibitors broaden their spread of prices. None of the dealers I spoke to who are exhibiting at both events has yet decided how best to divide his stock.

BADA Fair Chairman Alistair Sampson can detect "no whiff of competition" between the two BADA events. (The casualty so far has been the cancelled West of England Antiques Fair at Bath.) He believes that people will find the new event less daunting than Grosvenor House and "a very good quality but feet-on-the-ground fair". That means commercial stock and prices reflecting the current buyer's market. Grosvenor House will no doubt remain the premier event, but the battle lines seem drawn for the middle ground. This can only be good news for those wielding chequebooks.

Sampson adds: "Buyers too impatient in a reviving market to wait until June for Olympia and Grosvenor House will come in droves". If they do, there is little doubt among the BADA membership that next year's pavilion at The Duke of York's Headquarters will be vastly bigger.

The fair will open 11am-5.30pm on Wednesday May 5, 11am-8pm on subsequent weekdays, and 11am-6pm at weekends, until May 11, when it closes at 6pm.

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Christie's has announced the sale of a choice group of modern pictures – by the likes of Picasso, Braque, Bacon, de Staël, Kokoschka and Klee – amassed during the 1950s by a collector who claimed that she never spent more than £1,000 on a painting. The discerning eye belonged to the Budapest-born but London-based corsetière Ilia Kodicek. The 37 pictures are to be sold on behalf of The National Association of Boys' Clubs at a charity auction on June 23, and are expected to realise around £3m.

* * *

Four days before, Sotheby's had unobtrusively lifted the veil on a public collection that never was. Those lured by Monday's lecture on "Bee-keeping in the Islamic World" in the firm's auction rooms at the launch of Asian Week, may have been surprised to stumble across a room filled with exceptional Victorian paintings – some, at least, appropriately Orientalist.

In pride of place, and over a metre high, hung Sir Lawrence Alma-Tadema's rose-strewn epic "Caracalla and Geta: Bear Fight in the Coliseum 203 AD" (estimate £800,000-£1.2m). To its left, a large Rossetti "stunner" in coloured chalks, "La Ghirlandata" (£400,000-£600,000), and the haunting, vulnerable beauty of Burne-Jones's Amy Gaskell £250,000-£350,000). To its right, Lord Leighton's "Old Damascus" (£300,000-£400,000). The feast continued with Tissot, Poynter, Albert Moore, David Roberts...

What their captions did not reveal is that these form a small part of the Victorian art collection acquired by the American millionaire philanthropist Fred Koch – for substantially more than £1,000 apiece. The collection was to have been on public display in a Regency villa at the centre of Regent's Park, part of a projected Victorian study centre that would also have provided a library, scholarships and lecture programmes.

That London lost this resource is down to a handful of conservationists who fought to protect every inch of cornice of the agreeable but undistinguished St John's Lodge, and thus prevented its conversion.

The dispirited Koch retreated to Sutton Place; these pictures go under the hammer on June 8. The irony is that St John's Lodge is still under scaffolding seven years on, and the refurbishment of the house by its new tenant looks as drastic as anything Koch could have proposed.

A life conducted in complexity

REGGIE: THE LIFE OF REGINALD GOODALL
by John Lucas
Julia MacRae Books £18.99, 254 pages

REGINALD GOODALL, one of the leading British conductors of the century and one of the elite among postwar Wagnerians, began his career with great (if unevenly acknowledged) spurts of promise. He ended it, in advanced old age, with a knighthood, magnificent recordings of *The Ring* (this month re-issued on CD), *Tristan* and *Parsifal* to his credit, and the reverence of almost all British Wagner-lovers.

In between, he endured a period of cruel neglect a staff conductor at the Royal Opera House misunderstood, sidelined and eventually shelved, who for ten years found his conducting dates there dwindled to non-existence (between the 1961 *Boris Godunov* revival and the 1971 *Parsifal*).

Even during that time, of course, he was not reduced to total artistic ineffectiveness. Otto Klemperer demanded his presence as assistant on those late Klemperer recording sessions – the admiration between the two was mutual, as it had been between Goodall and another leading conductor, Erich Kleiber, and as it was to be between him and Kleiber's son Carlos. More to the point, in his little eyrie at Covent Garden (nicknamed, naturally enough, Valhalla) Goodall continued on the *ewige Werk* begun in the middle 1950s – the schooling of successive generations of British and Britain-based Wagner singers to eloquence and international fame.

But then came the 1968 Sadler's Wells Opera *Mastersingers* – unforgettable in the small theatre, repeated to even more splendid effect when the company moved home to the Coliseum, where already the glorious adventure of the English-language *Ring* was set to unfold.

Those performances, and the Welsh National *Tristan* and *Valkyrie* and ENO *Tristan* and *Parsifal* of the late 1970s and '80s, amounted to a revelation of long-lined, lovingly rehearsed, sagaciously sustained Wagner performance – every instrumental line suffused with lyricism, every voice part unforced, every word and note audible. These unforgettable evenings placed Goodall in the grand line of Wagnerian conductors.

The Goodall "galley years" at Covent Garden, as a chapter-title in John Lucas's new biography aptly calls them, are therefore the more depressing to contemplate when one holds them in the light of both the late triumphs and the early career progress. In truth, little in his upbringing seemed likely to promote that musical career; and the hand-to-mouth conditions, blinkered British-is-best tastes and unwarranted self-satisfaction that obtained in the musical life of this country for much of Goodall's early adulthood seemed designed positively to frustrate it.

In spite of that, and of the combination of shyness, eccentricity, and intransigence in search of high musical standards that marked his personality, Goodall's achievements as choirmaster at St Alban's, Holborn, and with the short-lived Wessex Philharmonic Orchestra forced him, gradually, up the British musical ladder. The peak of that early period was his conducting of the 1945 premiere of *Peter Grimes*: the Britten connection led him in the postwar years to the newly formed opera company at Covent Garden. But later that connection was broken (Britten took offence at some small slight) and the gradual but inexorable decline in his fortunes as a conductor set in.

This is a tale alternately saddening and exhilarating to read. Lucas – husband of Anne Evans, Goodall devotee, a former *Observer* Arts Editor – tells it excellently: even for those British opera-lovers who think they know the ins and outs of it already, his *Reggie* will surely prove a compelling and fascinating read.

The picture painted of Britten and his circle in the *Grimes* and early Aldeburgh years is full of incident (some of it new to print), intrigue and passions running high on all sides. Lucas does not shirk the snobbery, prevarication and shady dealing that operated at Covent Garden in the Webster-Drogheda era, nor the rough treatment Goodall underwent at the hands of Solti on his arrival there in 1961 – had it not been for a handful of obstinate Goodall champions, among them the critics Andrew Porter, David Cairns and the late Peter Heyworth, and then the Sadler's Wells visionaries Stephen Arlen and Edmund Tracey, Goodall's name would surely have been swept off the Royal Opera masthead sooner or later.

But above all, this is the portrait of an extremely odd man, and it is undertaken with commendable frankness. However much one regrets the many chances missed, one comes to appreciate the number of obstacles placed by Goodall himself in the way of his own steady progress. Foremost among these must stand his pre-war fascist sympathies and his post-war reluctance to accept the full extent of the horrors unleashed by his beloved Germany.

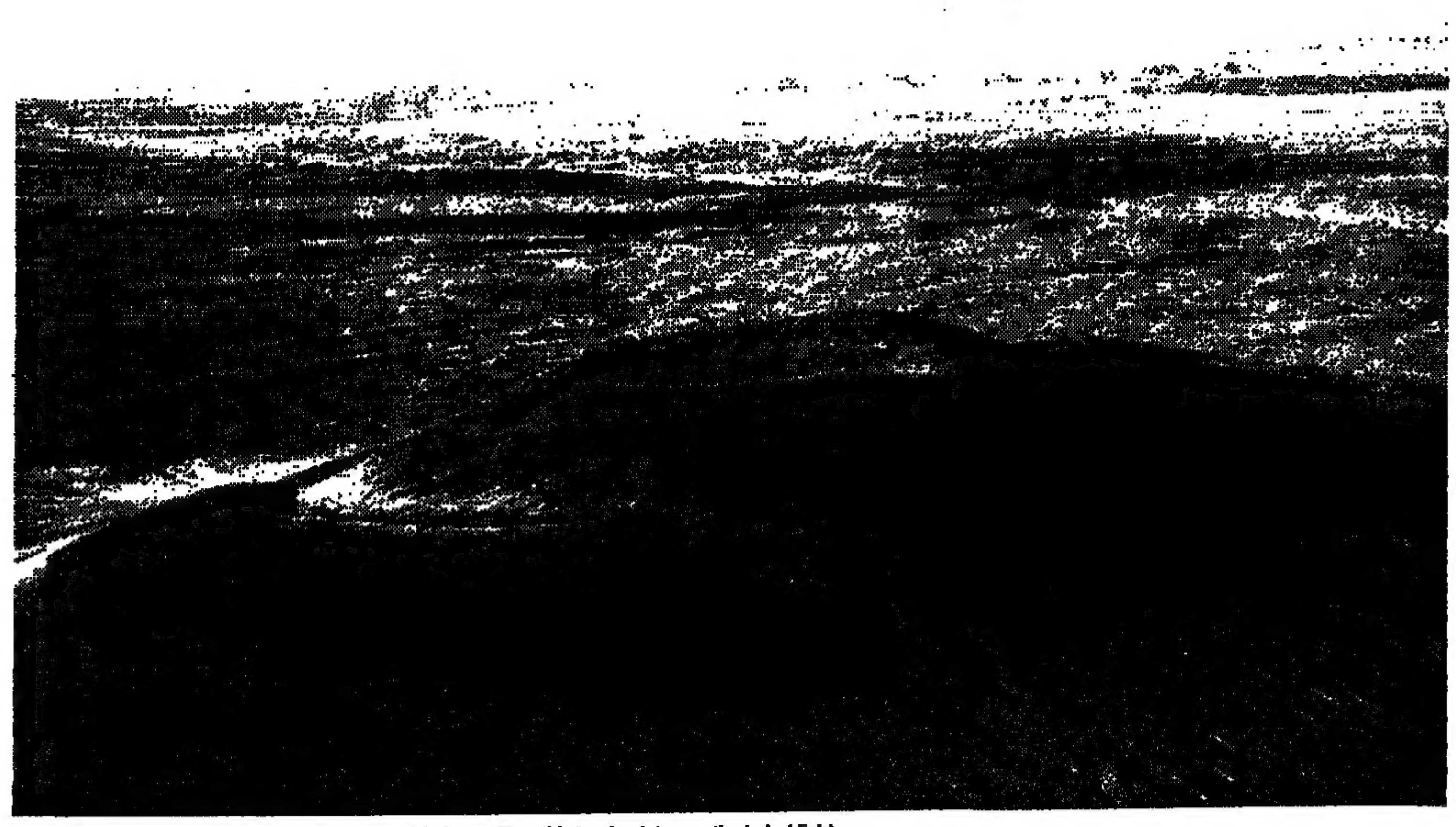
To his unbounded credit Lucas never shrinks from the issue. Neither does he sensationalise it – and indeed, the admiration Goodall could feel for such Jews as Klemperer does point to the self-contradiction and simple muddle that Lucas discerns at the core of his political ideals. In sum, this is a first-rate biography, painstakingly researched, judiciously balanced, crisply and lucidly written – and, as always in such cases, it illuminates much more than simply the remarkable main subject.

Max Loppert

ARTS

Manipulated by a master of light

Lynn MacRitchie on the natural visions of James Turrell



Roden Crater, the extinct volcano in Arizona which James Turrell is turning into a cathedral of light

THE CONJUNCTION of James Turrell and Georgia O'Keefe at London's Hayward Gallery is revealing. The two artists, so different in their methods of work, prove to be alike not only in their shared grandeur of vision and sublime self-confidence in its achievement, but also in having produced individual works of striking similarity.

Look at O'Keefe's charcoal drawing "Black Diagonal," of 1919 and compare its lines and circles with the forms Turrell plots over his photographs of Roden Crater, an extinct volcano in the Arizona Desert. Look at her "Wall with Green Door" of 1952 and then at Turrell's "Frontal Passage", 1992, which uses holograms and movement, but is essentially about a green rectangle in space. Go back to "Green Door". *Note the importance of edge, of sky.* Then visit "Air Mass." Look at "A Celebration", O'Keefe's painting of a section of blue sky with clouds of 1924, then go back to "Air Mass" and see "A Celebration". live.

O'Keefe expressed her experiences of desert landscapes in paintings and drawings admirable in their simplicity and concentration of purpose. Turrell, too, makes striking images of the desert landscape which is an essential ingredient of his most ambitious work. His objective, however, is different. He is not content, as O'Keefe was, to offer a record of sublime visual experience and allow us to share it as and how we will. He seeks, rather, to make manifest the vehicle of that experience – light itself.

It is "the thingness of light" as he calls it which possesses him, and which he has striven to communicate in works ranging from studio installations to outdoor environmental projects, of which the grandest is the transformation of the Roden Crater, on which he has been working since 1977.

During the 70s, when "Wedgework IV," now on view at the Hayward, was created, Turrell was experimenting with dark spaces, reducing light to so low a level that spectators must wait for their eyes *to adjust to be able to see the work.* Both "Wedgework IV" and "Trace Elements", 1992, have the unnerving ability to make light seem solid. The first, red hued space seems filled with mist, although it is not, and the second dim chamber seems to end in a wall painted with a rectangle of heliotrope, whose solidity, when tested, proves illusory.

Effective though they are as demonstrations of colour created through light and the capacity of the brain to create solids out of air, these two installations do not quite succeed as objects of contemplation. The red of "Wedgework" has a nightclub quality which undermines its more spiritual effects, while the impact of the ghostly rectangle in "Trace Elements" is lessened by white light reflecting from the side walls.

"Air Mass" is different. In this piece, The Hayward roof has been transformed into a high, white walled court with a ceiling open to the sky. Benches run along the walls. Atop the benches, hidden lighting reflects upwards. In photos of this piece as installed in sunnier locations, the walls glow golden, the sky emanates an ever deepening blue. In London in April the sky, grey with scudding clouds, seems reluctant to take part.

Indeed, the installation is *sometimes* closed because of rain and the plywood entry tunnel and benches are stained with water marks. When open, the act of contemplation is disturbed by traffic noise and one's fellow viewers, embarrassed perhaps by the odd feeling of vulnerability which gazing fixedly upwards induces. However, all these awkwardnesses add to the piece's quality of delight, its unpredictability deepening its resonance, the power of the weather and the vagaries of the spectators undermining the artist's attempt to orchestrate our experience.

And this is to the good. For the trouble with Turrell, despite his charming demeanour, is that, for his work to work, it requires him to assume total control. The viewing experience has to be shaped, planned out, and the spectator must act as the artist has ordained. To do so requires in effort of will, an acquiescence in powerlessness.

Turrell's heart is really in his volcano. There, with the most benign of intentions, he will have total control not just of those art pilgrims who will flock to the site when it opens in the year 2000 but of nature itself. The bowl of the crater, its fiery duty done, is being reshaped to make visible the "celestial vaulting" as he calls the curve of light where earth and sky meet. Tunnels are being driven into its heart, and visitors will follow designated pathways to the various forms of light experience created within.

For, like others who have gone to the desert to find light made manifest, Turrell requires obedience from those who choose to follow him. That obedience, while a vital part of his work's undoubted power, is also the source of its weakness. The helpless viewer, groping along a wall in search of an exit, may finally feel manipulated rather than enlightened, controlled rather than empowered.

At the Hayward Gallery until June 27.

Taylor bounces out of Arts Foundation

Simon Tait meets the saviour of Palumbo's baby

JUST INSIDE the Arts Foundation's front door there is a Bouncer – not a suit with muscles to expel belligerent artists, but a mini-trampoline. "It's great when you get really angry and frustrated," says Russell Willis Taylor, the Foundation's director. "A few bounces and you're ready to go again."

Innovation can arouse great passion, especially when money is involved. "The value, especially in tough times, is in just doing things in a different way, introducing variables," she says, "and sometimes it's hard to get that across."

In rescuing Lord Palumbo's Foundation from an embarrassing shambles, Taylor has reshaped it and given it policy, aim and credibility in less than a year, and produced a scheme which might change arts patronage fundamentally.

But most frustrating for her is that she will not be around to give out the fruits she has laboured to produce. She leaves the job today and flies to Singapore tomorrow on a posting with her husband, an advertising executive.

Her successor was appointed only on Monday. It will be up to Prudence Skeene – well known in the arts community for her management and fund raising work with the English Shakespeare Company, Ballet Rambert and the National Theatre, and as chairman of the Arts Council's dance panel – to implement the Taylor system, in which artists nominate the emerging talents for patronage.

Two years ago the Arts Foundation, financed by an anonymous bequest of £1.1m to the Arts Council, was launched by the Council's chairman, Lord Palumbo, to support new art with *lavish – and, some* said, unseemly – hubris at a party in London's Docklands.

The worthy purpose was obscured by the airy flashiness. No need to apply, the Foundation would know where the money was most needed. Pundits unfairly accused Palumbo of hijacking the bequest (made with conditions) and dismissed the Foundation as confused, remote and a slight to the Arts Council.

Stephen Bayley, the first director – who had founded the Design Museum for Terence Conran – declared that the Foundation would raise £20m from private patronage, would revive the *salons des refusées* with an exhibition of work rejected by establishment institutions, create facilities such as a recording studio and a gallery "to break the cartel of the art trade", make a television programme about patronage, even found a record label.

None of it happened, and very little money was raised by the Foundation, which was run from Bayley's consultancy. Some grants went out, though, for example for the resurrection of a prize for new books about the performing arts. But after six months Bayley went and Palumbo and his trustees took another six months to find Taylor.

She had been hugely successful raising money for English National Opera, probably as much as £3m, and had won ABSA's Garrett Award for it. "I thought the same as everybody else did about the Foundation, but Peter [Palumbo] changed my mind. He really believes in it, and I wouldn't have dreamed of moving if I hadn't thought it was so damned important to have this working," says Taylor, American born and educated. "The process of giving money has become political despite the best efforts of everybody, and it's right we should be outside that system."

What she did from her appointment last June ought to be a case study for every arts management course.

The money, she decided, was to be for practising artists, whose need was greatest, not organisations or schemes, and at first anyone could ring up *and ask for a grant.* There were 200 applications a week, varying from a student who wanted a new violin to a man who wanted to build a concert hall. She spent five months researching the needs, the possible and impossible, and devising strategy.

She asked 65 foundations in America what they thought the likely response would be to a series of small advertisements placed in local newspapers inviting applications with a three month deadline: the estimates ranged from 4,000 to 20,000 applications a year, impossible to manage.

She decided to foster patronage within the arts community. Now, dotted around the UK are 40-odd voluntary nominators, practising established artists, who will suggest to emergent artists that they apply for a grant. No one else can nominate. Applications are then screened by an advisory committee and the eventual list is passed to the trustees for a final decision. The first fellowships will be announced in November.

Last December Taylor took her portfolio to the trustees – Palumbo; Terence Donovan, the photographer; Bill Brown, chairman of the Scottish Arts Council; his Welsh opposite number Mathew Prichard; and Ed Victor, the literary agent. "It was a long session. They took it apart, put it back together again, and eventually decided it was what they should have been doing from the start."

The Foundation has a modest £50,000 to £80,000 a year to spend, depending on interest rates, and this year there will be six fellowships of £12,500 each. The subjects include sculpture, ceramics, photography, poetry, playwrighting and multi-disciplinary arts as being the most needy areas; next year they will be different, with a new set of nominators.

No vigorous fund raising has taken place. "That's not the most important thing now. What is important is to get the Foundation set up and working properly," says Taylor. In due course she expects the Foundation to be worth £2.5m to £5m, handing out fellowships up to £500,000 a year.

"One of the best British gifts is this great tolerance of eccentricity, but somehow you have lost the opportunity to take risks on people," she says. "Artists really are struggling to make ends meet and we are trying to buy people time. They will be chosen on the basis of past commitment and future promise. It's not a democratic process, it relies on judgment, taste and risk-taking. I just hate it that someone else is going to do it."

Alastair Muir

Ben Daniels and Tracy Keating in "Cracks"

Cracked up in California

I BEGAN to chortle almost the moment this play began, and I guffawed right through to its close. The same goes for the rest of the audience.

Now, since *Cracks* begins with an extended scene for one man alone in silence, and since it subsequently involves *the deaths of everyone* onstage, this is quite a feat on the part of playwright Martin Sherman and director Tim Luscombe.

The key to the comedy, now showing at the King's Head Theatre in Islington, north London, is that this mysterious series of murders occurs in a Californian house-party in 1973; and the killings never stop the nine characters from carrying on the pursuit of free love, dope-smoking, coke-sniffing, and soul-baring.

Just watching each one of them entering is a hoot. There is Sammy, the religious gay – "Like all good Jewish boys, I became Buddhist" – who is soon to join a Catholic monastery: "I'm really into it – into God, and things."

There is Jade, the girl who *had studied ballet,* but "I stopped dancing because it's easier to fuck." Plus Roberta, the docker who changed sex. Plus Nadine, the sweet young thing who is schizophrenically possessed by the dybbuk of her lesbian psychoanalyst. And more.

Once you have seen one hippy singing "The answer, my friend, is blowing in the wind" to the corpse of the first dear departed, you have got the hang of it. But each character, and the whole situation, just gets more marvellously ludicrous. "Where's Gideon?" "Upstairs, getting a blow job." "But this is a matter of life and death." "Honey, sometimes a blow-job is a matter of life and death."

One of the best jokes is left unsaid. You watch the corpses fall, and you think "But why are there only nine of them? This might be *Ten Little Indians* on the West Coast." Then you realise that Nadine is also Cynthia, and that there *are* indeed ten – or were. Bang; and, there again, bang.

Cracks, first performed in 1975, today virtually qualifies as period comedy. Martin Sherman is now famous as the author of *Bent* and *When She Danced.* Though I object to the queasy mixture of farce and serious art history he attempted in *When She Danced* (his Isadora play), any playwright who can handle the trauma and crisis of *Bent* and the absurd froth of *Cracks* has impressive range and ambition. (An interesting footnote is that, like certain other American playwrights, he now both lives and writes in Britain.)

This *Cracks* is directed by Tim Luscombe, has a comparable range. (His most recent staging was the beautifully intense and realistic *Snow Orchid* at the Gate.) He has his actors play their roles with a very nicely judged dash of caricature. As Nadine/Cynthia, the play's funniest but most complex role, Jane Gurnett lacks the impish assurance that marks the rest of the cast, but nonetheless makes the virtuoso switches of voice and psyche hilarious.

As Maggie, who has given up acting to be a full-time star, Deborah Norton gives a performance of delicious comic authority, reigning over the hippies in stellar glory whenever she hasn't lost a contact lens – and, in a perfect period echo, she looks like Carol Burnett. Briony Glassco, as Irene, has a note of crazy laughter in her voice that wafts back the young Goldie Hawn and the *Rowan and Martin Laugh-In*. The fact that she plays the least far-out person onstage makes her near-hysteria only funnier. But all the cast deserves high praise. Though the play is inch-deep, I haven't laughed so much for many a week.

At the King's Head, Islington, London N1 until May 30.

Alastair Macaulay

Candide's candid charms

IF EVER a writer were famous for ridiculing others' views and finding himself stuck with them, it is Francois Marie Arouet de Voltaire (1694-1778). His *Candide* (1759) pilloried the optimistic enlightenment idea: "tout est pour le mieux dans le meilleur des mondes", and it became his catchphrase.

Leonard Bernstein's musical, *Candide*, was written and rewritten between 1956 and 1974 with contributions from Lillian Hellman, John Latouche, Dorothy Parker and Stephen Sondheim; its history was proof of Voltaire's own saying that the best is the enemy of the good. Now it has reached the Richmond Theatre in south west London in a production by the Liverpool Everyman. It makes a fine intellectual pantomime: colourful, energetic and entertaining.

This is a picaresque tale of Candide and his fiancee Cunegonde, their adventures in Westfalia, Spain, Latin America and Constantinople; it amounts to a chaotic progress through Jesuit, Catholic, New World and Old World values. One can almost hear Michael Palin packing for a "Candide's footsteps" TV travelogue. Bernstein wraps up with advice from Voltaire: do not seek Happiness or Knowledge; do not think, just dig the garden.

This production's strengths lie in its simplicity and ingenuity. The set is a schoolroom with oversize alphabet boxes and a slide. Director John Doyle keeps the action moving at the speed of thought; the design is flexible and the costumes are a delight, all bold coloured Lycra with added ruffs and flounces.

The small cast doubles as musicians. Once Bernstein's vertiginous overture is negotiated, the music and theatre hold together well. The choruses are peppy and upbeat, including the peerless "What a day for an *Auto-da-Fe*" sung by the Spanish Inquisitors. There is fine singing from Elena Ferrari (Cunegonde) and Kim Harwood (as the sexy maid, Paquette) opposite Richard Felix as a felicitous Candide. Helen Ireland and Millie Taylor at the synthesizer are the rest of the orchestra.

After *Candide*, Bernstein wrote *West Side Story* (1957). The key song in *Candide* here is an answer to the more famous "America"; it is a lovely rumba, "Easily Assimilated" sung by a Russian baroness (Judith Bruce) in a Colombian brothel, and is about being a world citizen, fitting in to an America which now contained all the worlds visited by Candide. Maybe it was America which turned out to be the best of all possible worlds.

The Richmond Theatre (081-940-0088) until May 1

Andrew St George

The Official London Theatre Guide

Supplied by The Society of West End Theatre

ADELPHI, Strand Tel (071.344.0055) **Sunset Boulevard** From July. Tube Charing Cross Prices £15-£32.50 T0836 430900

ALBERY, St Martin's Lane Tel 071.867.1115 **Juno and the Paycock** From May 17. Tube Leicester Square Prices £7-£22 T0836 430901

ALDWYCH, Aldwych Tel 071.836.6404 **The Importance of Being Earnest** Tube Holborn Prices £7.50-£22 T0836 430902

APOLLO, Shaftesbury Ave Tel 071.494.5070 **The Deep Blue Sea** Tube Piccadilly Prices £5-£22 T0836 430904

APOLLO VICTORIA, 17 Wilton Road Tel 071.630.6262 **Starlight Express** Tube Victoria Prices £9-£28 T0836 430905

COLISEUM†, St Martin's Lane Tel 071.836.3161 English National Opera **ARIODANTE** **THE BARBER OF SEVILLE** Tube Leicester Square Prices £8-£42.50 T0836 430909

COMEDY, Panton St Tel 071.867.1045 **No Man's Land** Until May 8. Tube Piccadilly Circus Prices £6-£20 T0836 430910

CRITERION† Piccadilly Circus Tel 071.839.4488 **Misery** Tube Piccadilly Circus Prices £9-£20 T0836 430912

DONMAR WAREHOUSE, Earlham St Tel 071.867.1150 **Cheek By Jowl** Until May 15. Tube Covent Garden Prices £10-£15 T0836 430913

DRURY LANE, Catherine Street Tel (071.494.5000) **Miss Saigon** Tube Covent Garden Prices £7.75-£28 T0836 430914

DUCHESS, Catherine Street Tel 071.494.5075 **Don't Dress For Dinner** Tube Covent Garden Prices £8-£18.50 T0836 430915

DUKE OF YORK'S Tel 071.836.5122 **The Last Yankee** Tube Leicester Sq Prices £5.50-£16.50 T0836 430916

DUKE OF YORK'S, Tel 071.836.5122 **The Doug Anthony Allstars** May 12-22. Tube Leicester Sq Prices £8-£12.50 Eventually and 45pm

FORTUNE, Russell St Tel 071.836.2238 **The Woman in Black** Tube Covent Gdn Prices £8.50-£15.50 T0836 430917

GARRICK, Charing Cross Rd Tel 071.494.5085 **On the Piste** Tube Leicester Sq Prices £8-£19.50 T0836 430918

GLOBE, Shaftesbury Ave Tel (071.494.5067) **An Ideal Husband** Tube Piccadilly Circ Prices £7.50-£20 T0836 430919

HAYMARKET, Haymarket Tel 071.930.8800 **Cyrano de Bergerac** Tube Piccadilly Circus Prices £9-£22 T0836 430920

HER MAJESTY'S, Haymarket Tel (071.494.5400) **The Phantom of the Opera** Tube Piccadilly Circus Prices £8.75-£28 T0836 430921

LONDON PALLADIUM, Argyll St Tel 071.494.5020 **Joseph and the Amazing Technicolor Dreamcoat** Tube Oxford Circus Prices £9.50-£29 T0836 430922

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PICCADILLY, Denman Street Tel 071.867.1118 **California Dream Men** From May 10. Tube Piccadilly Circus Prices £7-£25 T0836 430934

THE PLAYHOUSE, Northumberland Ave Tel 071.839.4401 **It Runs in the Family** Tube Embankment Prices £5-£18.50 T0836 430935

PRINCE EDWARD, Old Compton St Tel 071.734.8951 **Crazy For You** Tube Leicester Sq Prices £11.50-£30 T0836 430936

PRINCE OF WALES Coventry St Tel 071.839.5972 **City of Angels** Tube Piccadilly Prices £17.50-£30 T0836 430937

ROYAL COURT†, Sloane Square Tel 071.730.1745 **The Treatment** Tube Sloane Square Prices £5-£15 T0836 430939

ROYAL OPERA HOUSE† Covent Gdn Tel 071.240.1066 The Royal Ballet: **DON QUIXOTE** **BALLET IMPERIAL/STILL LIFE/GLORIA** The Royal Opera **JENUFA** Tube Covent Garden T0836 430911

ROYAL SHAKESPEARE CO†, Barbican Tel 071.638.8891 Barbican Theatre **AS YOU LIKE IT** **THE BEGGAR'S OPERA** Prices £7-£21.50 T0836 430906 The Pit **A JOVIAL CREW** **THE SCHOOL OF NIGHT** Prices £14, £11.50 T0836 430907 Tube Barbican

SADLER'S WELLS† Rosebery Ave Tel 071.278.8916 **Kodo** May 5-15. Tube Angel Prices £5-£25 T0836 430941

ST MARTIN'S, West Street Tel 071.836.1443 **The Mousetrap** Tube Leicester Sq Prices £7.50-£18 T0836 430944

SHAFTESBURY, Shaftesbury Ave Tel 071.379.5399 **Kiss of the Spider Woman** Tube Tottenham Ct Rd Prices £10-£30 T0836 430943

STRAND, The Strand Tel 071.930.8800 **Lost in Yonkers** Tube Charing Cross Prices £12-£20 T0836 430945

STRAND, The Strand Tel 071.930.8800 **Leonardo** A Portrait of Love. From May 26. Tube Charing Cross Prices £9-£27.50

VAUDEVILLE, The Strand Tel 071.836 9987 **The Invisible Man** Tube Charing Cross Prices £5-£21.50 T0836 430946

VICTORIA PALACE, Victoria Street Tel 071.834.1317 **Buddy** Tube Victoria Prices £8-£24 T0836 430947

WHITEHALL, Whitehall Tel 071.867.1119 **Travels with My Aunt** Tube Charing Cross Prices £8-£20 T0836 430949

WYNDHAM'S, Charing Cross Rd Tel 071.867.1116 **The Gift of the Gorgon** Tube Leicester Sq Prices £9-£22 T0836 430950

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Radio

Branagh's fine support

KENNETH BRANAGH'S *Romeo and Juliet* on Sunday, a shared production between Radio 3 and the Renaissance Theatre Company, was studious rather than theatrical. Branagh, who produced in association with Glyn Dearman, has used an almost complete text – I didn't spot more than about a dozen lines missing – and the "two hour's traffic of our stage" ran three hours and a quarter (with two short intervals, a sensible idea).

The most dramatic performances were given in supporting parts rather than in the leads. John Gielgud's Friar Lawrence was even better than one might have forecast, perfect verse-speaking blended with a three-dimensional characterisation of this amenable priest. Richard Briers, too, played a notably human Capulet, a proud, irritable father easy to agree with as his moods followed one another. The Nurse is an infallible part, yet Judi Dench made it personally inventive.

It is not that the leading parts were unemotional, but they lacked the individual *brio* that radio acting must have. Branagh's Romeo was decently spoken, in his beautiful voice; but I bet it was more lively at the Lyric, Hammersmith. And Samantha Bond's Juliet missed the great opportunity the microphone offers; she was a moving young woman, but she was never a tearful 13-year-old. You can argue that no actress has ever played her so (nor I dare say any boy in Shakespeare's company), but it is there in the lines and recording gives the chance. The other young Veronese were a roistering bunch; Derek Jacobi gave charm to Mercutio's silly Queen Mab speech, that I would have cut if I had been directing in 1597, and the faintly dirty chat was amusingly done. There was film-type music by Patrick Doyle that filled the breaks without distraction. The performance is published at £15.99 by Random Century Audiobooks.

Afternoon serials on Radio 4 are a great substitute for the Strand Magazines of other days, and this Wednesday we embarked on a new one with a fresh background, the affairs of a public school headmaster. Patrick Balfour (Steve Hodson) writes books and talks on the media besides running his school, indeed the first play (as it is headed) began with an encounter between Balfour and Brian Redhead. Perhaps he should do less, for we soon learn that his son has been caught cheating in a GCSE paper at another school where he is a boarder, while at his own, there is drug-trouble. "They can buy it at a café," says his deputy Michael, and the French teacher says there's no harm in it.

As if this were not enough, Patrick's wife Judith is too busy on committees and things to be much help and he goes to his invalid son Timothy for family talk and to his publisher Lindsay Nicholson for sympathy. We do not yet have the school-feeling that other school-plays give, and the serial is clearly about the head rather than about his school – Jonathan Smith, the author, is a senior master at a public school. There are enough plots and sub-plots generously to fill four weeks.

Porter's Return on Radio 3 covers five short talks by Andrew Porter, one of the founder-members of the FT arts page. He left to be music critic of the *New Yorker* and stayed there for 20 years, covering New York music for us as well. Much of his New Yorker criticism was collected in book form. Now he is back in this country, on another paper, and his talks compare music in London and New York. He is an observant critic and an outstandingly good speaker.

The Thin Blue Line, Radio 4's survey of the United Nations, virtually stayed in New York last week ("where political decisions are supposed to be translated into action," as presenter James Naughtie said). This week we were in Cambodia to observe that translation on the ground. A really interesting series.

B A Young

TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All New Popeye Show. 8.10 The Girl from Tomorrow. 8.30 Potsworth and Co.

9.00 Parallel 9.

[illegible] Snooker: World Championship.

[illegible] Weather.

[illegible] Grandstand. Introduced by Steve Rider from Wembley. Including 12.20 Football: Bob Wilson and Jimmy Hill reflect on the World Cup qualifying matches. 12.50 News. 12.55 Racing from Haydock Park The 1.00 Henry Cooke Lumsden Handicap. 1.05 Snooker: World Championship. Semi-final action from The Crucible, Sheffield. 1.25 Racing: The 1.30 Arthur Andersen Conditions Stakes. 1.35 Rugby League. 1.55 Racing: The 2.00 Hallowell Laudau Spring Trophy Rated Stakes. 2.05 Rugby League: Live coverage of Wigan v Widnes from Wembley in the Challenge Cup final. 4.25 Snooker: World Championship. 4.40 Final Score. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.30 Cartoon.

5.35 Jim'll Fix It.

6.10 The Main Event. New series.

7.00 Film: Clockwise. John Cleese as an obsessively punctual headmaster who suffers a series of misadventures during a desperate attempt to reach a school conference on time. Entertaining British slapstick (1986).

8.30 Birds of a Feather. Comedy, starring Linda Robson and Pauline Quirke.

9.00 Westbeach. Greg turns the tables on a seedy journalist who arrives at the Royal Suffolk Hotel. Seaside drama, starring Deborah Grant.

9.50 News and Sport; Weather.

10.10 That's Life!

10.50 Match of the Day. Highlights of the day's FA Premier League matches.

11.50 Film: Laguna Heat. A detective finds himself caught up in a bizarre series of murders. Starring Harry Hamlin and Jason Robards (TVM 1987).

1.30 Weather.

1.35 Close.

BBC2

6.40 Open University.

3.00 Film: The Patsy. Slapstick comedy, starring Jerry Lewis as a bellboy groomed for stardom when a stand-up comedian is killed in a aeroplane crash. With Peter Lorre and Keenan Wynn (1964).

4.40 Snooker: World Championship. Live semi-final action from The Crucible, Sheffield.

5.45 Rugby Special. Highlights of the Pilkington Cup final: Harlequins v Leicester. Introduced by Chris Rea, commentary by Nigel Starmer-Smith.

7.00 News and Sport; Weather.

7.15 Snooker: World Championship. David Vine presents live action from the second semi-final at The Crucible, Sheffield. Commentary by Jack Karnehm, Ted Lowe and Clive Everton.

8.00 The Late Show Special: Richard Eyre. Mark Lawson profiles the former BBC drama producer, director of the National Theatre after televising successful plays such as Comedians, Country and The Imitation Game. He also examines the plays forming the Richard Eyre season, which starts on May 5 with Just a Boys Game.

8.30 Have I Got News for You. Comedian Frank Skinner and columnist Richard Littlejohn join Ian Hislop and Paul Merton in a repeat of Friday's edition of the news quiz. With Angus Deayton.

9.00 Arena. Documentary exploring the story behind Walk on the Wild Side, Lou Reed's 1972 song which was based on the personalities who hung around artist Andy Warhol's Factory studio in the late 1960s.

9.45 The Second Heimat: A New Generation. Fraulein Cerphal's niece arrives in Munich to search for her true mother; and falls in love with a medical student. Stefan, Rob and Reinhard are furious when their film is rejected by the Certification Board. Edgar Reitz's Epic drama, starring Gisela Muller and Henry Arnold. (English subtitles).

11.40 Snooker: World Championship. David Vine introduces the conclusion of the second semi-final.

1.40 Close.

LWT

6.00 GMTV.

9.25 What's Up Doc?

11.30 The ITV Chart Show.

12.30 pm The New Adventures of Black Beauty.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Movies, Movies, Movies. Reviews of Loaded Weapon I, a comedy with Emilio Estevez, and Alive, a tale of cannibalism in the Andes.

1.40 Chips, the War Dog. Part two.

2.10 Hard Time on Planet Earth.

3.05 The A-Team.

4.00 WCW Worldwide Wrestling. Action from the ring.

4.40 ITN News and Results; Weather.

5.00 London Tonight and Sport; Weather.

5.10 MacGyver. New series. Action adventure, starring Richard Dean Anderson.

5.50 Film: Over the Top. Sylvester Stallone plays as a truck-driver Lincoln Hawk who wins the respect of his son with his arm wrestling prowess. One of Stallone's lesser works. (1987).

7.30 You've Been Framed!

8.00 The Bill. DI Burnside investigates a violent incident between estranged lovers.

8.30 London's Burning. The Blue Watch team is called to a potential nuclear disaster. Hallam deals with a racist attack on a young black fireman.

9.30 Film: Young Guns. Brat-pack Western adventure, about the rise of Billy the Kid starring Emilio Estevez, Charlie Sheen and Kiefer Sutherland (1988).

11.15 ITN News; Weather.

11.30 London Weather.

11.35 Miller and Mueller.

12.35 The Big E.

1.35 Get Stuffed; ITN News Headlines.

1.40 Basketball.; ITN News Headlines.

2.40 New Music.

3.40 Night Heat.

4.35 BPM.; Night Shift.

CHANNEL4

6.00 Early Morning.

10.00 Trans World Sport.

11.00 Gazzetta Football Italia. The latest on Gazza's jaw.

12.00 Sign On: Newswatch.

12.30 pm Kasak.

1.00 Film: Careful, Soft Shoulders. Wartime comedy thriller, starring Virginia Bruce as a Washington socialite who becomes a double agent. With James Ellison and Aubrey Mather (1942).

2.15 Racing from Newmarket. Coverage of the 2.30 Mayer Parry Stakes, 3.00 Philip Cornes Nickel Alloys Maiden Stakes, 3.40 2,000 Guineas Stakes, 4.15 Palace House Stakes and the 4.45 Ladbrokes Handicap.

5.05 Brookside.; News Summary.

6.30 Right to Reply. Sheena McDonald takes Telly Addicts winners the Payne family to the International Television Programme Fair in Cannes; News and Weather.

7.00 A Week in Politics. Vincent Hanna presents the week's political news.

8.00 Adventures. A look at the 1988 race in Balinese fishing boats across the Timor Sea from Indonesia to Australia. Organiser Bob Hobman saw the event as a way to commemorate Australia's bi-centenary, but competitors were forced to endure rough seas, torrential rain, mutiny and shipwreck.

9.00 The Beiderbecke Affair. Jill and Trevor face an emotional crisis, and Det Sgt Hobson has trouble with standards of policing. Repeat comedy drama, starring James Bolam and Barbara Flynn.

10.00 Drop the Dead Donkey. Henry's opinions cause friction when MPs are invited to discuss the recession on TV. Repeat

10.30 Film: Life on a String. An old blind musician (Liu Zhongyuan) becomes involved in bizarre and unexpected events when his young disciple falls in love. Slow, mesmeric Chinese film directed by Chen Kaige (1991). (English subtitles).

12.30 Evening Shade.

1.05 The Harp in the South.

2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Movies, Movies. 1.05 Anglia News. 1.10 Worldwide Wrestling. 2.00 The A-Team. 2.55 Northbeach and Rawhide. (TVM 1985) 5.00 Anglia News and Sport 11.35 50th Annual Golden Globe Awards.

CENTRAL:
12.30 Movies, Movies, Movies. 1.05 Central News 1.10 Nigel Mansell's IndyCar '93. 1.40 Wheels in Sport. 2.05 The Magical World of Disney. 5.00 Central News 5.05 The Central Match - Goals Extra. 11.30 Local Weather. 11.35 The Sole Survivor. (TVM 1970)

CHANNEL:
12.30 The Munsters Today. 1.05 Channel Diary. 1.10 Nigel Mansell's IndyCar. 1.40 Roller Boogie. (1979) 3.35 Cartoon. 5.00 Channel News. 5.05 Puffin's Pla(i)ce. 11.45 The Equalizer.

GRAMPIAN:
12.30 Movies, Movies, Movies. 1.05 Grampian Headlines 1.10 Telefios. 1.40 Speaking Our Language. 2.00 Tomas Toiseach 'S A Charaidean. 2.15 Police News. 2.20 Carry on Cruising. (1962) 5.00 Grampian Headlines 5.05 Grampian News Review. 11.30 Local Weather. 11.35 50th Annual Golden Globe Awards.

GRANADA:
12.30 Movies, Movies, Movies. 1.05 Granada News 1.10 Kick Off. 2.00 Granada Sport Action. 5.00 Granada News 5.05 Granada Goals Extra. 5.30 Bugs Bunny. 11.35 50th Annual Golden Globe Awards.

HTV:
12.30 Movies, Movies, Movies. 1.05 HTV News. 1.10 Nigel Mansell's IndyCar. 1.40 Davy Crockett: Guardian Spirit. 2.35 Omar Khayyam. (1957) 4.30 Cartoon Time. 5.00 HTV News and Sport 11.30 HTV Weather. 11.35 50th Annual Golden Globe Awards.

HTV Wales as HTV except:
4.30 Bugs Bunny.

MERIDIAN:
12.30 The Munsters Today. 1.05 Meridian News. 1.10 Nigel Mansell's IndyCar. 1.40 Roller Boogie. (1979) 3.35 Cartoon. 5.00 Meridian News. 5.05 Saturday Sport. 11.35 The Equalizer.

SCOTTISH:
12.30 Movies, Movies, Movies. 1.05 Scotland Today. 1.10 Telefios. 1.40 Speaking Our Language. 2.10 Celebrity Squares. 2.40 Cartoon. 2.50 Doctor in Love. (1960) 5.00 Scotsport Results. 5.15 The Box. 5.30 Scotland Today 11.30 Scottish Weather. 11.35 Hell Night. (1981)

TYNE TEES:
12.30 Movies, Movies, Movies. 1.05 Tyne Tees News. 1.10 The A-Team. 2.05 The Samson Darts Classic. 3.45 McCloud: Shivaree on Delancey Street. 5.00 Tyne Tees Saturday 11.35 Beverly Hills 90210.

YORKSHIRE:
12.30 Movies, Movies, Movies. 1.05 Calendar News. 1.10 The A-Team. 2.05 The Captain's Table. (1958) 3.45 McCloud: Shivaree on Delancey Street. 5.00 Calendar News. 11.35 Beverly Hills 90210.

S4C Wales as Channel 4 except:-
7.00 Early Morning. 12.30 The Wonder Years. 6.20 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Traed Oer. 7.50 Yn Dy Ddwble. 8.25 Tooyn Tymor A Snwcer' 9.50 Europe Express.

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Opposites Attract. 7.40 Charlie Chalk. 7.55 Playdays. 8.15 Rupert the Bear. 8.20 Smoggies. 8.45 Favourite Songs. 9.10 News. 9.15 In Touch with Healing. 9.30 This is the Day goes Coast to Coast. 10.00 See Hear! 10.30 Deutschland Heute. 10.45 Italianissimo. 11.00 Work is a Four-Letter Word. 11.30 Business Matters.

12.00 A Cook's Tour of France. A trip to Limousin and Auvergne.

12.30 CountryFile.

12.55 Weather for the Week Ahead.

1.00 News.

1.05 On The Record. Political news and views.

2.00 EastEnders.

3.00 Film: Arabesque. Thriller, starring Gregory Peck as an American at Oxford who deciphers a secret document written in hieroglyphics. With Sophia Loren. (1966).

4.40 Cartoon.

4.50 The Eurovision Song Contest Preview. Gloria Hunniford introduces a selection of entries.

5.35 Masterchef.

6.10 News.

6.25 Praise Be!

7.00 Last of the Summer Wine.

7.30 The Inspector Alleyn Mysteries. Agatha Troy discovers the murder of a theatre personality (Graham Crowden).

9.10 A Year in Provence.

9.45 News and Weather.

10.00 Mastermind. Contestants in the third semi-final are John Burke (German armoured fighting vehicles 1939-45); Glenys Davies (the California Goldrush); Stuart Johnson (the life and works of Brunel); and John Colverson (British model railways 1920-90). Presented by Magnus Magnusson from the Bath Assembly Rooms.

10.30 Everyman. An investigation into the death of aid worker Sean Devereaux, who was shot in Somalia in January, 1993, while working with starving children.

11.10 Shakespeare: The Animated Tales. Twelfth Night.

11.35 Cats. The effects of selective breeding on the domestic cat.

12.05 The Sky At Night.

12.25 Weather.

12.30 Close.

BBC2

6.40 Open University. 9.10 Thundercats. 9.30 Jonny Briggs. 9.45 The Movie Game. 10.10 Rugrats. 10.35 Grange Hill. 11.00 Blue Peter Omnibus. 11.50 The O Zone. 12.00 Around Westminster.

12.30 Sunday Grandstand. Introduced by Steve Rider. Including at 12.35 Rugby League: Highlights of yesterday's Challenge Cup final between Widnes and Wigan. 1.00 Basketball: Coverage of the National Championship semi-finals from Wembley. London Towers, Thames Valley, Worthing and Guildford are the teams competing. 1.45 Rugby Union: Reviewing yesterday's Pilkington Cup final between Leicester and Harlequins. 2.15 Snooker: World Championship. Live action from the first seven frames in the final. Plus, coverage of the Hockey Association Cup final at Milton Keynes between Hounslow and Teddington, and basketball from the National Championship final at Wembley. Times may vary.

6.20 Ocean Challenge. The penultimate leg of the round-the-world yacht race, with amateur crews sailing in dangerous conditions from Hobart to Cape Town.

7.00 The Money Programme. Tessa Curtis on the rise of casual and non-salaried employment.

7.40 The Nineties. Horse racing and gambling 70 years ago: as recalled by a brigadier who rode in the 1928 Grand National, a butcher's boy who became a jockey, Britain's oldest working bookie, and a gambler from Africa. The four discuss how their deep love for racing was born.

8.20 Every Picture Tells a Story. The Rape of Europa by Titian.

9.05 Snooker: World Championship.

11.30 Film: The Grissom Gang. Second film version of James Hadly Chase's novel *No Orchids for Miss Blandish*. Kim Darby stars as an heiress kidnapped by a grotesque family. Romance blossoms. Thriller heavily laced with black humour. Directed by Robert Aldrich (1971).

1.40 Close.

LWT

6.00 GMTV. 9.55 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 This Sunday. 12.30 pm An Invitation to Remember

1.00 ITN News; Weather.

1.10 Walden. Brian Walden quizzes another politician.

2.00 The Smurfs.

2.30 The Match. Swindon Town v West Ham United at the County Ground. Action from this vital match between two First Division sides both fighting for promotion to the FA Premier League. Commentary by Brian Moore and Portsmouth manager Jim Smith.

5.00 Gardening Roadshow. The team visits Ruth Madoc's home in Cambridgeshire, looks at a mobile home garden, and talks to the self-proclaimed King and Queen of the pumpkin world.

5.45 Cartoon Time.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 Watching. Brenda and Pam feel neglected when they return home to their families. Malcolm spends a day in the country in the interests of customer relations. Comedy, with Emma Wray, Paul Bown and Liza Tarbuck.

7.00 Surprise, Surprise.

8.00 Heartbeat. Pc Nick Rowan (Nick Berry) returns to Aidensfield and interrupts an armed robbery.

9.00 Riders. Two-part adaptation of Jilly Cooper's steamy novel with Marcus Gilbert and Michael Praed as rival showjumpers.

11.00 ITN News; Weather.

11.15 London Weather.

11.20 Encounter. Teenagers investigate religion.

11.50 Cue the Music. Chris De Burgh in concert.

12.50 Get Stuffed; ITN News Headlines.

12.55 TXT.

1.55 Summerrock.

2.55 European Life.

3.25 Get Stuffed; ITN News Headlines.

3.30 Snooker.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.40 Film: Hobson's Choice. The first of a John Mills double bill is a comedy in which Mills plays a simple cobbler who marries the daughter of his tyrannical boss. Charles Laughton dominates as the bombastic bootmaker. With Brenda de Banzie and Prunella Scales (1954).

2.40 Film: Morning Departure. John Mills stars as the commander of a submarine trapped on the sea-bed during a routine exercise, leaving the crew to make a life-or-death decision. Drama, with Richard Attenborough, Nigel Patrick, James Hayter and George Cole (1951).

4.35 Table Tennis. Short film about a professional match.

4.50 The Northumberland Challenge. Runners from Europe, America and South Africa compete.

5.25 News Summary.

5.30 The Next Big Thing. Unsigned young indie band FMB prepare for their assault on the music business.

6.00 Moviewatch. Reviews of French Canadian film Leolo; Groundhog Day; and Rich in Love, with Albert Finney.

6.30 The Wonder Years.

7.00 Defenders of the Wild. The plight of Thailand's tiger population, which has been depleted in recent years by poachers.

8.00 Very Jean Muir. Part two of three. Fashion designer Jean Muir describes the making of one of her dresses from sketch to finished garment.

8.30 Streetlegal. Patricia Hewitt takes a critical look at the British legal system.

9.00 Film: Popeye. Robert Altman's highly enjoyable blockbuster screen version of the comicstrip was an undeserved critical and financial disaster. Robin Williams is perfect as the muscular sailorman mumbling a string of throwaway gags. Shelly Duval is Olive Oyl. Songs by Harry Nilsson. (1980).

10.50 Red Empire. Dr Robert Conquest traces the rise of Stalin alongside the fall of Trotsky.

11.50 Film: Layla Ma Raison. Romantic melodrama from Tunisia. Starring Safy Boutella and Anca Nicola. Part of the Africa on Africa season (1989). (English subtitles).

1.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Shoot the Video. 12.55 Anglia News. 2.00 Bullseye. 2.30 Anglia Sports Special. 5.15 Digging Deep. 6.00 Anglia News on Sunday 11.15 Regional Weather. 11.50 The Twilight Zone.

BORDER:
12.30 Gardener's Diary. 12.55 News. 2.00 Challenge of the Seas. 2.30 The Spirit of St Louis. (1957) 4.45 Cartoon Time. 5.00 Scotsport. 6.00 Border Week. 6.15 News. 11.50 Love at First Sight.

CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 Earthfile. 2.15 Coach. 2.45 The Central Match - Live. 5.05 Wanted Dead or Alive. 5.35 Highway to Heaven. 6.15 Central News 11.50 Prisoner: Cell Block H.

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Wanted Dead or Alive. 4.55 Beverly Hills 90210. 5.45 Great British Isles. 6.15 Channel News. 11.50 The ITV Chart Show.

GRANADA:
12.25 Chalte, Chalte. 12.55 Granada News 2.00 Granada Action. 2.30 A First Class County. 3.00 Goodbye My Lady. (1956) 4.45 Coronation Street. 5.45 Strictly Classified. 6.15 Granada News 11.50 Love at First Sight.

HTV:
12.25 HTV News. 12.30 HTV Newsweek. 2.00 Superstars of Wrestling. 2.45 The West Match - Live. 5.15 Highway to Heaven. 6.15 HTV News. 11.15 HTV Weather. 11.50 Love at First Sight.

HTV Wales as HTV except:
12.30 Playback. 2.45 Soccer Sunday. 3.45 Pippi Goes on Board. (1969)

MERIDIAN:
12.30 Meridian This Week. 12.50 Meridian News. 2.00 Wanted Dead or Alive. 2.30 Sunday Sport - Live. 4.55 Beverly Hills 90210. 5.45 Fit to Win. 6.15 Meridian News. 11.50 The ITV Chart Show.

SCOTTISH:
10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 Encounter. 12.55 Scotland Today. 2.00 Scottish Questions. 2.30 Highway to Heaven. 3.30 Elvis: Good Rockin' Tonight. 4.00 Cartoon. 4.05 Beverly Hills 90210. 5.00 Scotsport. 6.00 Scotland Today 6.05 Eikon. 11.15 Scottish Weather. 11.20 This Sunday. 11.50 Out There.

TYNE TEES:
12.25 The Samson Darts Classic. 12.50 Tyne Tees News. 2.00 The Wonderful World of Disney. 2.55 The Sun Also Rises. (1957) 5.20 Survival. 5.50 The Back Page. 6.15 Tyne Tees News. 11.15 Local Weather. 11.50 The Trials of Rosie O'Neill.

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 North to Alaska. (1960) 4.20 Highway to Heaven. 5.15 Brief Encounters. 5.45 Heart of the Country. 6.15 Westcountry Weekend Latest. 11.50 Love at First Sight.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 The Wonderful World of Disney. 2.55 The Sun also Rises. (1957) 5.20 Survival. 5.50 Calendar News and Weather 11.15 Local Weather. 11.50 The Trials of Rosie O'Neill.

S4C Wales as Channel 4 except:-
7.05 Early Morning. 9.00 Jeifin. 12.45 Mork and Mindy. 1.15 Eerie, Indiana. 1.45 Fragile Earth. 2.45 Jason and the Argonauts. (1963) 4.40 After Arthur Minsky Died. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol Y Cwm. 7.15 Fe Hoffwn. 7.45 Hel Straeon. 8.15 Newyddion. 8.20 Saith Diwrnod Ar Y Sul. 8.35 Snwcer. 9.15 Llygad Am Lygad. 10.00 True Stories. 11.30 ENG.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Eve Pollard. 5.00 Cinema 2. 5.30 Nick Barraclough's New Country. 6.00 Vince Hill's Solid Gold Music Show. 7.00 As Time Goes By. 7.30 An Evening with BBC Singers. 9.30 David Jacobs. 10.00 The Arts Programme. 12.05 Chris Stuart. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Luther and Music. 6.55 Weather. 7.00 Record Review. Pfitzner, Tchaikovsky, Hottetterre, Schubert, Brahms, Poulenc, Hoffmann, Krapek, Telemann. 1.00 News. 1.05 Schubert's Piano Sonatas. 2.35 Mozart. 3.00 Leonard Bernstein. Verdi, Strauss, Wagner, Beethoven. 5.00 Jazz Record Requests. 5.45 Opera News. 6.30 Capricorn, Brahms. 7.10 Norma. Ian Judge's new production of Bellini's opera, live from the Theatre Royal, Glasgow. Featuring the Scottish Opera Chorus and Orchestra, conducted by John Mauceri. 10.15 Swallow. Robert Manson Myers talks to Piers Plowright. 10.30 Impressions. Sets by performers who appeared at Keith Tippett's Rare Music Club in Bristol. 12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News Briefing. 6.10 The Farming Week. 6.50 Prayer for the Day. 7.00 Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway, Majorca and Menorca. 10.00 Loose Ends. 11.00 The Week in Westminster. 11.30 From Our Own Correspondent. 12.00 Money Box. 12.25 The News Quiz. 1.00 News. 1.20 Any Questions? With Robin Cook MP, Sir Nicholas Goodison, David Mellor MP and Cristina Odone. 2.00 Any Answers? 071-580 4444. 2.30 Taking the Devil's Advice. 3.45 Stephen Pile Investigates. 4.00 Ice Cream to Eskimos. 4.30 Science Now. 5.00 The Living World. Jessica Holm searches for otters in Devon. 5.25 Tea Junction. 6.00 News. 6.25 Week Ending. 6.50 Ad Lib. 7.20 Kaleidoscope. 7.50 Saturday Night Theatre. Crippen, by William Ingram. 9.20 Music in Mind. 9.50 Ten to Ten. 10.00 News. 10.15 Trivia Test Match. 10.45 Nobody's Perfect. 11.00 Richard Baker Compares Notes. 11.30 Dracula. 12.00 News. 12.33 Shipping Forecast. 12.43 Close.

BBC RADIO 5
6.00 World Service. 6.30 Mark Curry's Weekend Edition. 9.30 Get Set. 10.30 Hopalong Cassidy. 11.00 Go! 12.00 Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport on Five. 5.00 Sports Report. 6.05 Six-O-Six. 7.30 Afropop Worldwide. 8.30 Le Top. 9.30 Nightbeat. 10.00 Sports Bulletin. 10.15 The Way Out. 12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these GMT: 6.00 News. 6.30 Europe Today. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Round-up. 11.00 News Summary; Printer's Devil; Letter From America. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; Words of Faith; Multitrack 3. 1.45 Sports Round-up. 2.00 Newshour. 3.00 News Summary; Sportsworld. 4.00 News; BBC English. 4.30 Heute Aktuell: News in German. 5.00 News; News About Britain; Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell: News in German. 7.05 German Features. 8.00 News Summary; Breakfast Of Champions. 8.15 The Making Of The Middle East. 8.45 From The Weeklies. 9.00 News; Words of Faith; Personal View. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain; Jazz For The Asking. 11.45 Sports Round-up. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play of the Week: Phoenix. 3.00 Newsdesk. 3.30 The Language of Flowers. 4.00 News; News About Britain. 4.15 Sports Round-up. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Young Musician 1993. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 John Terrett. 3.00 Alex Lester.

BBC RADIO 3
6.35 Open University: Market Economies in Russia and China. 6.55 Weather. 7.00 Sunday Morning Concert. 9.00 News. 9.05 Brian Kay's Sunday Morning. 12.00 Spirit of the Age. Trevor Pinnock talks to George Pratt, director of the English Concert. 1.00 News. 1.05 Table Talk. 1.20 BBC Scottish SO. 2.55 Dawn Upshaw. 4.25 Boccherini and Beethoven. 5.10 From Meditation to Liberation. The role of religious thought in the political ferment of the 1960s. 5.40 A Breath of Virtuosity. John Gardner and Strauss. 6.25 Lindsay Quartet. Haydn and Mendelssohn. 7.30 Sunday Play. 9.40 BBC Welsh SO. Dvorak and Rachmaninov. 11.25 Music in Our Time. Ben Watson examines the social and musical roots of Free Jazz. 12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News Briefing. 6.10 Prelude. 6.30 Morning Has Broken. 7.00 News. 7.10 Sunday Papers. 7.15 The Living World. 7.40 Sunday. 8.00 News. 8.10 Sunday Papers. 8.50 Dr Therese Vernier. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. Omnibus. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 Classic Serial. 3.30 Trumpets and Foie Gras. 4.00 The Thin Blue Line. 4.47 Treasure Islands. How books can help people to cope with death and bereavement. 5.00 A Journal of a Tour to the Hebrides. 5.30 Poetry Please! 6.00 Six O'Clock News. 6.15 The Village. 6.30 Wilko's Spain. 7.00 In Business. 7.30 Bookshelf. Ruth Prawer Jhabvala. 8.00 Biggles and the Long Haul. 8.30 Reading Aloud. Underfoot in Showbusiness, by Helene Hanff. 9.00 The Natural History Programme. 9.30 Special Assignment. 10.00 News. 10.15 Farewell, Fleet Street. 11.00 In Committee. 11.30 Seeds of Faith. 12.00 News. 12.33 Shipping Forecast. 12.43 Close.

BBC RADIO 5
6.00 World Service. 6.30 Mark Curry. 9.30 The Spring Queen. 10.00 Johnnie Walker. 11.30 Fantasy Football League. 12.40 Open Forum. 1.00 Sunday Sport. 7.20 Open University. 10.10 Across the Line. 12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these GMT: 6.00 Newshour. 7.00 News; News About Britain; Printer's Devil. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 9.00 News; Words of Faith; Classics With Kay. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News; Science In Action. 11.30 BBC English. 11.45 News and Press Review In German. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News; Play of the Week: Phoenix. 2.00 Newshour. 3.00 News; Heritage. 3.30 Anything Goes. 4.00 News; BBC English. 4.30 News And Features In German. 5.00 News; News About Britain; The Language Of Flowers. 5.45 Letter From America. 6.00 BBC English. 6.30 News And Features In German. 8.00 In The Steps Of Rachmaninov. 8.30 Europe Today. 9.00 News; Words of Faith; Folk Routes. 9.30 Ned Sherrin's Counterpoint. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Seeing Stars. 11.30 Letter From America. 11.45 Sports Round-up. 12.00 News; Business Review; Classics With Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News; Breakfast Of Champions. 2.15 The Making Of The Middle East. 2.45 World Bandstand. 3.00 Newsdesk. 3.30 Composer Of The Month: Hector Berlioz. 4.00 News; News About Britain. 4.15 Sports Round-up. 4.30 BBC English. 4.45 News And Press Review in German.

CHESS

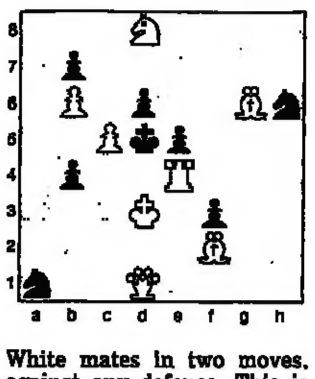
FIDE'S official world championship is being reshaped to allow scope for an eventual reunification series against the winner of the match between Gary Kasparov and Nigel Short which is organised by the two players' breakaway Professional Chess Association and sponsored by *The Times*.

The winner of Fide's Karpov v Timman match will compete in a four-player mini-tournament in 1994 or 1995 with qualifiers from this summer's interzonal in Biel, Switzerland. This format downgrades the status of the reigning Fide champion, who traditionally has waited in splendid isolation for his challenger to emerge.

The PCA is talking about running its own rival candidates event, but financial logic points to a rapprochement between the two organisations. Chess events outside the world championship final have high costs, negligible spectator income, and limited attraction to sponsors. Thus if the PCA and Fide continue their battle into the next championship cycle, cash flow problems may affect both of them.

Meanwhile, the prospect of regaining his place in the sun has galvanised Karpov, the 41-year-old ex-champion. His career record of tournament victories now stands at 97 after wins at Baden-Baden, Wijk and Dortmund.

No 972



White mates in two moves, against any defence. This is the first stage of the British Solving Championship, sponsored by East West Consultants. To enter, send White's first move by 31 May to BSC, 76 Lambscroft Avenue, Mottingham, London SE9 4PB. Mark your answer "FT".

The first randomly drawn correct answer wins £50, and successful solvers qualify for postal rounds leading to a final, with a £500 first prize, in London in January 1994.

Leonard Barden

BRIDGE

CHIEN-WHA-WANG author of *The Squeeze at Bridge*, Cadogan at £9.95, knows his subject. His explanations of the squeeze plays are most instructive. Try this hand from a rubber:

N
♠ J 9 7 6 4 2
♥ K Q
♦ J 10 9 8 2
♣

W
♠ A K Q 10
♥ 10 6 5 2
♦ 6 3
♣ 7 5 4

E
♠ 8
♥ J 9 7
♦ A K Q 7 4
♣ 9 8 3 2

S
♠ 5 3
♥ A 8 4 3
♦ 5
♣ A K Q J 10 6

South dealt at love-all and opened the bidding with one club. North replied with one spade and South re-bid two hearts. After two spades from North, South said three clubs and North three diamonds. East doubled, and South bid three no-trumps to end an unimpressive sequence.

West led the spade king, East dropping the eight, and continued with the queen, which drew East's diamond seven. West led the diamond six and East took the trick with his queen. He could have defeated the contract by cashing ace and king but saw no harm in returning the seven of hearts, taken by dummy's queen.

Declarer could have crossed to his heart ace and cashed his clubs for one down, but he led the diamond knave to the king. Still not content with putting the declarer one down, East returned the two of clubs. Taking in hand, South ran off four more clubs, which left a three-card ending.

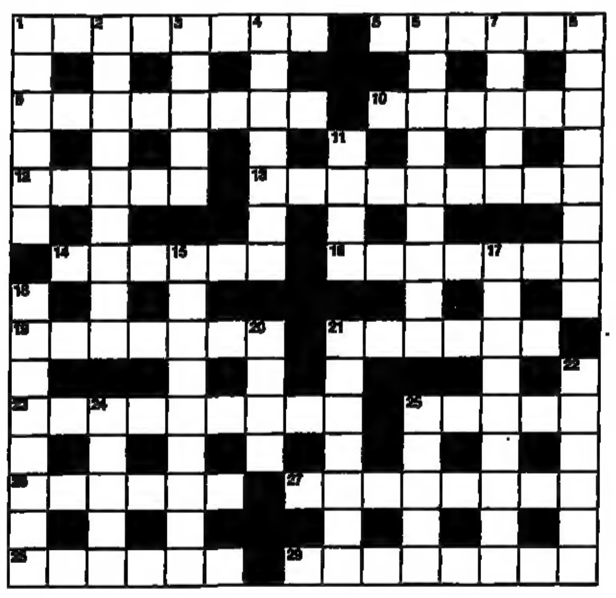
West held ace of spades and ten and six of hearts; dummy had spade knave, heart king and diamond ten; East had heart knave, nine and diamond ace. South had ace, eight of hearts and six of clubs. The club six forced West to throw the heart six, dummy discarded the knave of spades. East was trapped. He, too, had to throw a heart. Declarer cashed ace and eight of hearts for contract.

E.P.C. Cotter

CROSSWORD

No. 8,140 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday May 12, marked Crossword 8,140 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 15.



Name...

Address...

ACROSS

1 A film the outcome of a period in play (4-4)
5 Ring for a laundryman (6)
9 Charge nothing to see this tough amphibious sort (8)
10 Foot-fault in opening of Bournemouth meeting (6)
12 At university, place can mean bother (5)
13 Giving up science-friction? (9)
14 Clydeside Moll, say? (6)
16 Grounded by pain, laid up . . . . (7)
19 . . . . with interminable, and classic, renal trouble (7)
21 US horror-writer to attempt verse? (6)
23 Scenario of second Conservative policy (5-4)
25 A rope knotted in Peter Grimes, for example (5)
26 Choice of fostering without notice (6)
27 Dangers not seen as mine collapses (8)
28 Station for energy, say? (6)
29 Fear lady comes out badly in settlement (8)

DOWN

1 Drinker's sound, from this Roman vessel (6)
2 Citrus kernel-casing used as building material? (9)
3 Food and drink to someone (5)
4 Times do change for the dressmaker! (7)
6 Overshadow at Bermuda, changeable (9)
7 Henry takes it in first-class Caribbean republic (5)
8 Wild, enraged eminent leader turned defector (8)
11 Ferret food? (4)
15 Farm butter of the softer kind? (5-4)
17 Buffoonery in "Equus" for example? (9)
18 Central policy-principle of funny cops (8)
20 Deposited face upwards (4)
21 Price adjusted – increased by a quarter, to be exact (7)
22 News agency on the Spanish piece at the end of the line? (6)
24 Number of players taking silver from derelict cottage (5)
25 Present of money-box that does not open (5)

Solution to Puzzle No.8,139

S	W	E	D	E	N		C	O	M	P	O	S	E	S
K		X		R				Y		R		A		I
I	M	P	O	R	T		M	I	S	U	S	I	N	G
P		L		A		F		D		D		L		N
P	O	I	N	T	E	R	S		S	E	V	E	R	E
E		C		A		I		L		N		D		T
R	E	I	N		S	T	R	E	T	C	H			
S		T		N		T		V		E		I		S
			L	I	N	E	M	E	N		O	N	C	E
A		S		N		R		R		G		T		N
D	I	T	H	E	R		T	E	N	E	M	E	N	T
R		U		T		F		T		N		R		E
I	M	P	R	I	M	I	S		H	E	R	E	I	N
F		O		E		L				R		S		C
T	I	R	E	S	O	M	E		B	A	T	T	L	E

Solution and winners of Puzzle No.8,128

S	T	E	A	L	S		A	M	A	R	C	H	O	N
A		S		O		G		U		A		I		O
B	Y	P	R	O	D	U	C	T		C	O	R	F	U
O		E		K		L		A		K		E		G
T	U	R	N		M	A	R	B	L	E	A	R	C	H
A		A		P		G		L		T				T
G	E	N	E	S	I	S		E	M	E	N	D	S	
E		T		Y						E		E		A
	F	O	R	C	E	D		M	A	R	C	H	E	S
J				H		U		A		S		Y		B
E	N	G	R	O	S	S	I	N	G		I	D	L	E
T		O		P		T		T		C		R		S
S	E	N	N	A		M	A	R	C	H	P	A	S	T
A		E		T		A		A		A		T		O
M	A	R	C	H	I	N	G		O	R	D	E	R	S

S. Shute, London E1; K.A.C. Ford, Leicester; Andrew Lambert, Machynlleth, Powys; Philip Revzin, Brussels, Belgium; John Webb, Spaxton, Somerset; Dougal M. White, Bearsden, Glasgow.

Doctors: a life-threatening problem

***Dominic Lawson** urges the government to break the medical profession's conspiracy of silence*

ONCE UPON a time I was butchered by a dentist. He decided, after I had walked in from the street complaining of a toothache, that a number of my wisdom teeth needed to be extracted then and there. After *titanic efforts,* he succeeded.

In the days following, my condition, as the bulletins say, went from bad to worse. The dentist *assured me that these were* "normal post-operative conditions."

Eventually my jaws locked and septicaemia set in, or so I was told *by the hospital surgeon before* an emergency operation. As far as he was concerned, the mess made of my teeth was consistent with the *sort of injuries received by people* whose heads have come into violent contact with an unresisting object.

When I emerged from hospital, I returned, with some vague *thoughts of violent revenge,* to the practice where the dentist worked. I was told that he had returned to New Zealand. At the time I har*boured some suspicions that* the hospital had rung up the dental practice to let them know what had occurred and that the man with the *pliers had decided not to face* the consequences of his actions.

He need not have worried. I had no intention of sueing. As seems to *be usual in such incidents,* and in ones far more serious than mine, the medical and paramedical professions are never prepared to reveal to patients just what they *think of their colleagues, no matter* how responsible the patient or how irresponsible the colleague.

This is a principle defended as fiercely as the Hippocratic oath. The reason, I think, is not mere loyalty to individual colleagues, or even a sense of "there but for the grace of God go I." It seems that the medical profession wishes to create the impression that there are no such things as bad doctors, that *all practising surgeons* have clear eyes and steady hands.

This guild mentality defies all reason and commonsense. There must be a wide range of ability in *any profession.* Just as we must accept that there are good, bad and awful journalists, there must *also* be good, bad and awful doctors.

True, unlike journalists, who do not have to pass any exam, all practising doctors must at some time have passed a stringent examination, invigilated by their peers. But that does not mean that they do not fail to keep up with developments, or become fuddled by alcohol *in disappointed middle age.*

Some months ago, on holiday, I met a doctor who, off duty, let slip the unspoken truth, known to those inside his profession but hidden from those *outside.* It was at the time of the government's publication of tables monitoring, for the public's benefit, the length of operating waiting lists in the various National Health Service hospitals.

"These tables," said the doctor, "are not the things you really need to know as a patient. What you need is the tables showing the rates of deaths from specific sorts of operations at all the big NHS hospitals. You would be amazed to see the differentials in death rates following even routine operations."

"Where can I see these tables?" I asked.

"You can't," he replied. "But I can, and I can assure you that I'd study them very carefully before deciding where I'd go for a big operation."

On Tuesday, however, *The Times* blew the medical profession's cover by publishing tables taken from statistics on *hospital* performance issued to health authorities by the department of health. These showed that some hospitals had *death rates after general surgery* six times higher than others.

Naturally, the medical profession *pooh-poohed the notion that this* proved that some hospitals were simply very bad at surgery compared with others. The director of public health in Yorkshire, Dr Bob Haward, whose hospitals featured among the very worst, said: "What happens in a hospital depends on what is going on outside it. I don't find death rates helpful."

Nor, too, I imagine, do dead patients. The *figures* did not give the full picture. For that we will need to see the sort of tables that my doctor friend can see, showing *death rates operation* by operation.

Only when that happens will the government have truly honoured its pledge to give NHS users the *information they deserve* as consumers. And only then will we start to see a decline in medical complacency and incompetence.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

The Temple of Health is crumbling

Dr Kosta Manis, a passionate general practitioner who works in a deprived area, says that private money will have to prop up Britain's National Health Service

Lydia van der Meer

WHEN it rains, the water pours down the wall of his consulting room. "I have my umbrella, to make patients laugh," said Dr. Kosta Manis, laughing himself. "Welcome to our Temple of Hygieia. Don't mistake it for the public convenience, which is right next to it."

The public lavatory tastefully flanking the mother-and-baby clinic of the Erith Health Centre, Kent, is a robust brick building. The health centre has holes in the roof, stains on the ceilings and floors, and scaffolding to prop up the back wall. "Remember," said the doctor, "you are not in Bosnia or Nigeria now. You are 12 miles from Southwark Bridge."

The health centre is not just a place of work for Dr Manis but his private metaphor for Britain's National Health Service. Both structures, he says, have been collapsing for the last 20 years.

Dr Manis is a witty man who loves an ironic phrase, the more extravagant the better. He laughs a great deal because he feels strongly. When really agitated, he laughs until the tears come.

The fact he is Greek, from Mani in the southern Peloponnese, may account for his passion. It also explains his individualism, and his contempt for those who profess to know what's best for the rest – especially the politicians and administrators of the NHS.

He thinks the collapse of the British health service is no particular government's fault, but the inevitable result of a wrong assumption at its founding: that there was a fixed "pool" of illness to be treated. But better treatment means longer lives and the old, naturally, consume a disproportionate amount of health care. Add to this the fact of an ageing population, the cost of the technology, and a dash of hypochondria, and it is no wonder the NHS proves to be grossly underfunded.

"Rationing" is a dirty word. These days it goes under the more genteel American label of "*prioritisation*" *following the* state of Oregon's bold step in declaring which treatments it was prepared to subsidise and which *not.*

"Rationing used to be where in the queue the patient stands," Dr Manis said. "And the doctor would decide. But now it is not where in the queue you stand but whether you stand there at all. Because now there are certain conditions that are too expensive to treat.

"Of course," he continued, "the patients have no say in that. And this is what annoys me more than anything else. They are the ones who pay me, pay my nurses, pay the managers. But they have absolutely no say in the whole thing.

"This is the basic fault of the NHS. Why should you have a manager sitting up in his ivory tower deciding, not how long you wait for a hip replacement but whether you can have a hip replacement at all, or renal dialysis, or a heart transplant? He decides what happens to you although it's you that pays his salary."

But the patients can't decide, I objected. They would all want everything tomorrow.

"Correct. Why not?"

Because they can't have it.

"Why not?"

Because you can't supply it, I said, unsure who was interviewing whom.

"Precisely. But you lead very nicely to the point: the patients are not told the facts. They are not told that within the next 10 years the demands on the service will be so immense that the Treasury will not be able to cope with them." Dr Manis rattled off the familiar statistics. "To me, or anyone, even – as Mrs Bottomley would say – to the mentally challenged it's obvious that private funds will come into the game. Now why do they not have the guts to stand up and say so? The doctors know it, the patients know it."

This time Dr Manis supplied his own answer.

"Because they are cowards. You see, I think the British *people are like a kind, benign* giant, kept down by those Lilliputian politicians."

Virginia Bottomley, the health *secretary, figures* a lot in Dr Manis' conversation: to him she is a sort of crypto-socialist nanny, the token woman in the cabinet, "the verbal computer spewing statistics" who has told fibs about London's health provision and has destroyed the point of her own government's NHS reforms by failing to abolish the expensive regional tier of bureaucrats:

"If some politician was honest enough to stand up and say: 'Look here folks, there's no money in the kitty so you'd better make your own arrangements,' the British, who are pretty reasonable, talented, industrious people, would say: 'Right. Forget changing the car every three years, forget the Japanese computer games and the Dutch lager. Let's look after our health and the health of our children.' There's plenty of money around. It's all to do with . . . I can never pronounce it.

Prioritisation?

"That's the one!" Dr Manis chortled.

I thought the doctor was about to suggest that Britain adopt the American health system. Not at all. It was an insensitive, profit-driven system of winners and losers, he said.

So which is the right model?

"For me Switzerland is the model. It's absolutely beautiful. It's based on community and it's a totally ungovernable system with no rules and about 1,000 permutations, with real diversity of offer and choice. The state plays a part, individuals contribute according to their means and if there is a gap, charity within the community fills it. Each individual decides what he wants to do."

How well he wants to be?

"Yes! You see, what is health to you?"

I suppose it does vary, I *admitted. Some people want to* be perfect in every department.

"Right! So health is a sense of well-being as perceived by each individual. Right? Therefore we cannot have Bottomley telling us about the health of the nation. It's the health of the individual.

"If a rich man wants a health check every morning, good luck to him if someone is prepared to take his money and do it."

That's a waste of resources, I said.

"If he pays for it it isn't."

It's a waste of the doctor's time.

"Who is to say he should or shouldn't? Unless, of course, people emotionally feel the state is a substitute for parents; if they feel Mrs Bottomley is their mother and John Major is their dad. Are we to have the mother of the nation telling us how we should be? We might as well go to China, where if you've got a bad habit like being a *homosexual the state* doctor treats you with electric shocks whether you like it or not."

Dr Manis enthuses about *consumer choice in a mixed* health economy, but has not a single private patient himself. He cannot swallow the idea of *taking money over the counter.* Private medicine in Britain was parasitic on the NHS where it should be complementary. "Without mincing words, if you're a consultant physician and you see that your private practice is falling, you make your NHS queue longer so some will be forced to go private."

Dr Manis is, I suppose, a libertarian with anarchic tendencies – which is not to say he is not a first-rate general practitioner who loves his 3,300 patients and is loved in return. After another tirade against the health secretary I asked him if he was a reactionary. He seemed pleased. "Now, you're doing very well. You have to move back to my childhood. I'll tell you why."

And he described with some emotion how, as a seven-year-old during the Greek civil war, he and his family nearly starved to death when the town was besieged by the communists. "People were dying around us. You could actually see the bullets coming through the window." He laughed unhappily. His father, he said, was a bank manager and would have been the first to be murdered had the army not arrived in time. The son has hated authoritarianism ever since.

"I come from a country where we don't really believe in authority. Each Greek is an individual and that's it. I think *people should know what's* happening to them. It's up to them to decide. I don't want a politician to impose private *schemes or a social system.*"

Dr Manis came to England in his 20s, intending to move on to the *US* where many of the family had emigrated. Instead, he became a research fellow, lecturer and registrar in renal medicine at Charing Cross hospital in London, worked at the Dreadnought seamen's hospital in Greenwich until it was closed, and went into general practice. He is married to Jill Cooper, once England's fourth-ranked woman tennis player, and they have four children. They live very modestly in bourgeois Bexley.

The doctor took me to see another illustration of his thesis that bureaucracy is bad for your health. Five years ago, Erith Cottage hospital, a thriving concern attracting much local charitable support, was declared too expensive to keep going. There was an outcry. The hospital was reopened and redecorated – as a suite of offices for health administrators.

Dr Manis was predictably caustic about Sir Keith Joseph, who introduced the three-tier NHS. "Hospitals used to be run by three people. Then the great free marketeer appeared and he totally ruined all that.

"You see, the priests have failed," he added suddenly.

I asked him to explain.

"Instead of going round politicising, they should remember their vocation. They should participate, attract their flock and raise money, like the Greek Orthodox in his village. He knows who is rich and who is poor. 'Do you want a nice little flat in heaven? If you do, cough up because so-and-so's wife is going to have twins.' So the rich man takes the peasant woman to hospital in his limousine."

As our tour of the constituency ended, the doctor warned that even the tolerant British could lose patience.

"The politicians keep looking for this vision thing. As if the British people expect Major and Smith to go into some sort of trance and start talking metaphysics! Uttering aphorisms from their tripods!

"For heaven's sake, what people want is realism. They want their politicians to have a grasp of reality, hear what the people want, and do it. Because if they don't do it, the little man with the moustache will appear and start building autobahns . . .

As we approached the railway station, he announced: "I've got it. The NHS is a large-scale, unethical experiment where not only the guinea-pigs – which is the patients – were not asked whether they wanted to participate or not, but even the technicians – which is the doctors and nurses – have not been consulted. That's it. I got it."

The doctor laughed, this time with real pleasure.

The chancellor turns to Zorgs

Michael Thompson-Noel

DON'T mention green shoots of economic spring to me. Not when I am sitting here in a rainforest of creepers, vines and carnivorous orchids so luxuriant and swift-growing that I cannot see sunlight or moonlight or anything – a tropical paradise of economic indicators so virile *and upthrusting that yesterday* I rang my close and valued friend, Norman Lamont, Britain's chancellor of the exchequer, to garner his reaction.

Norman has taken a shine to me ever since, a bold eight weeks ago, Hawks & Handsaws U-turned with great suavity and declared that – far from blaming *him for Britain's manifest ills and woes* – we should honour him for taking the blame for John Major's policies; that his strength and insouciance were little *short of miraculous, and that* he reminded us of Churchill (also of Hercules, stinting we were not).

Yesterday I asked Norman what it *felt like, how did it really feel, to see* Britain's economy rocketing into orbit.

He said: "Jolly good, actually."

I said: "Give me more. Sparkling personal stuff. *Material like that* I pounce on. I can use whatever you've got."

"Well," said the chancellor, "the stats are looking good. 0.2 per cent. 0.6 per cent. 0.6 per cent. 1.2 per cent. Minus 52,000. seasonally adjusted. Structural, not cyclical. Yield curve sloping upwards. GDP ebullient. 1.5 per cent. 2.5 per cent. 3.7 per cent. Broad money holding. Inflation not a problem. Trend-lines converging. 7.3 per cent. 9.7 per cent. Exports surging manically. Stuff your German cars. £115bn. $517bn. FFr952bn. Exchange rate trending higher. DM2.90. DM3.00. Perhaps we're looking at 4.

HAWKS & HANDSAWS

"All *of* Europe watching us. Stretched to breaking with envy. One in the eye for Clinton. Teach him to dodge the *draft. Eyes of the world on Britain.* Our leadership rôle regained. Naturally I'm delighted. I said it would be alright. Trust me, I told the nation. The abuse I *had to contend with. Tabloids out to* get me. Every black trick in the book. But water off a duck's back. Now it's all come good. The green shoots of spring *have turned into barleyfields, hopfields,* tundra and emerald swathe, a swamp-land of orchids. Is this the stuff you want?"

"Magical," I replied. "But show me your innermost feelings. Take me inside your head. Keep it reasonably personal. There's a market for personal stuff."

"Well," said the chancellor, "I'm singing in the bath again. Songs from all the shows. If I were a rich man. Oh what a beautiful morning. Let's spend the night together. Tomorrow belongs to me."

"Fascinating. But how does it actually *feel* to be running a miracle economy?"

"Well," said the chancellor, "it's the best feeling in the world. It's like – gosh, Michael, how can *I* put this? – it's like, you know, you're in the royal box on Derby day and you've just eaten the best lunch ever and then you've walked down to the paddock with the royals and stood around knowledgeably and on the way back to the grandstand you've plunked down £10,000 on a 20-1 no-hoper that scoots in by five lengths, *still accelerating,* and the Queen turns to you and says with that beautiful smile of hers: 'Extremely *impressive,* Norman. Did you know the dam?'"

I said: "Magnificent material, chancellor. I pounce on stuff like this. But what will you do for an encore?"

"Well," said the chancellor. "Economic miracles have to be consolidated. By the time I become prime *minister,* I want to see Britain launched upon a hi-tech glidepath from which it cannot be diverted. We must re-establish our *scientific eminence. As a result, I* am in the throes of launching an ultra-secret programme of scientific catch-up designed to catapult us once more to *the forefront of* nations.

"No stone am I leaving unturned. Sumerian *gesh*-time. Gnomonics. Transitional logic. Animism. Exobiology. Metamathematics. The polyhedral cohesion of virus crystals. Prelinguistic thought. The evidence for blueshifting. Re-mapping the computer universe. Black-body radiation. Twin-theory phenomena. Star-ponds. Nonobjective truth. The divine essence. Nûtean surfaces. Zorgs. Infinite binary fractions. Mohole totalities. *N*-bottomed matter-crush. The novels of Don DeLillo. How am I doing for length, Michael? This the material you want?"

I said: "I have got 716 words, chancellor. Exactly the right amount."